

RANCHO SANTA FE ASSOCIATION BYLAWS

ARTICLE I PRINCIPAL OFFICE

The principal office of the Association for the transaction of its business is located at Rancho Santa Fe, in the County of San Diego, State of California.

ARTICLE II MEMBERSHIP AND VOTING

Section 1. **Definition of Member.**

- a. For purposes of these Bylaws, the following definitions shall apply:
 - 1. "Building site" has the same meaning as defined in Article VI of the Articles of Incorporation.
 - 2. "Interest" refers to a legal or equitable interest, as distinguished from a leasehold or security interest.
 - 3. "Sole Owner" means a person who owns alone an interest in a building site in which there are not other interests, as shown on the records of the Association.
 - 4. "Co-owner" means a person who owns an interest in a building site (i) with another or others, whether as community property, or joint tenants, or tenants in common, or (ii) in which there is one or more other interests owned by another or others, or (iii) both, as shown on the records of the Association.
 - 5. "Individual" means a human being, and does not include a partnership, corporation, unincorporated association, trust, estate, governmental entity, or the like.
 - 6. "Person" means an individual, partnership, corporation, unincorporated association, trust, estate, governmental entity, or the like.
 - 7. "Immediate family" means a member's spouse, and children under twenty-three (23) years of age.
- b. A member shall be an individual who either:
 - 1. is sole owner of a building site; or
 - 2. is (i) a co-owner of a building site who owns at least 34 percent beneficial interest in that building site (provided, however, that if there are more than two co-owners of a building site, none of whom own at least a 34 percent beneficial interest in that building site, only one such individual, to be selected by such co-owners holding in the aggregate not less than a 34 percent beneficial interest in such building site, shall be a member); or (ii) a beneficiary under a marital trust meeting the requirements of California Civil Code Section 5110.150 (or successor statute) to which a building site originally community property of such beneficiary was contributed; or
 - 3. is designated (upon a form prescribed by the Association) by the owner of a building site as the member for such building site as

follows; (i) by the holders of not less than 34 percent of the beneficial interest in any trust in accordance with the provisions of such trust, unless otherwise provided in Section 1 (b) (2) (ii) of Article II, or (ii) by the holders of not less than 34 percent of the beneficial interest in any corporation, unless otherwise provided in Section 1 (b) (3) (iii) of Article II, or (iii) by the holders of not less than 34 percent of the beneficial interest in any association managing a common interest development described in Article VI (a) (4) of the Articles of Incorporation of the Association, as amended, or (iv) by the holders of not less than 34 percent of the beneficial interest in any partnership pursuant to the terms of the partnership agreement of such partnership, or (v) by the administrator, executor or executrix, as the case may be, of any decedent's estate or, (vi) by the lawful act of the governing body or executive authority of any governmental entity, or (viii) by the governing body of any other person not an individual, provided that the individual thus designated on behalf of such trust, corporation, association or partnership owns a beneficial interest in such trust, corporation, association or partnership.

4. As used in this Section 1(b), the term "beneficial interest" means (i) with respect to co-owners, the right to control the sale of the building site, (ii) with respect to a trust, a current right to receive distributions from income earned upon the corpus of the trust or, if no income is to be distributed currently under the trust, a right to receive at some future time the income and corpus of the trust, (iii) with respect to a partnership, the right of the partners to receive distributions other than liquidating distributions provided, however, that with respect to a limited partnership, the rights of the limited partners to receive such distributions shall not be considered a "beneficial interest."
5. In the event two or more individuals assert competing claims to be members of the Association designated on behalf of any person, no such individual shall be deemed to be a member unless and until (i) such individuals prove to the satisfaction of the Board of Directors, in its sole and exclusive judgment, that the competing claims to membership have been resolved and the appropriate individual or individuals is or are in fact designated, or (ii) a judgment of a court of competent jurisdiction is entered determining the appropriate individual or individuals who was or were in fact designated as a member or (iii) the Board of Directors makes a determination, in its sole and exclusive judgment, which of such individuals was or were designated as a member provided, however, that the Board of Directors shall not be required to make such a determination.

c. No individual shall be entitled to more than one membership in the Association, regardless of the number of building sites in which such individual may own an interest. No person may designate more than one member regardless of the number of building sites in which that person may own an interest; provided, however, that an association managing a common interest development described in Article VI(a) (4) of the Articles of Incorporation of the Association, as amended, shall be entitled to

designate two individuals as members. The beneficial ownership of any individual in any entity of the kind described in Subparagraph (3) of Paragraph (b) above may not be counted in favor of the designation of more than one member.

d. The immediate family of a member in good standing (as defined in Section 3 (a) of Article II) shall be entitled to all of the rights and privileges of membership, except for the right to receive Association property on dissolution of the Association and the right to vote on any matter submitted to a vote of the members of the Association.

e. The Board of Directors may, from time to time, grant to other persons, upon such terms as may be determined, the privilege of using and enjoying Association facilities or services.

f. In case of dispute with respect to whether an individual is a member of the Association, the decision of the Board of Directors shall be final.

Section 2. **Members Entitled to Vote; Registration.**

- a. Each member in good standing (as defined in Section 3(a) of this Article II) and registered to vote (pursuant to Section 3(c) of this Article II) shall be entitled to exercise one (1) vote and no member shall be entitled to more than one (1) vote, regardless of the number of building sites in which such member may own an interest.
- b. As used in Article II, "vote" includes a vote at a meeting, the casting of a written ballot distributed to all members without a meeting, or any other similar written actions by members authorized by these Bylaws.
- c. Each member of the Association shall register as such upon a form prescribed by the Secretary of the Association and shall provide such evidence of ownership of a building site, and of designation as the member for a building site where appropriate, as the Secretary may require. Upon receipt of an acceptable registration form, the Secretary shall register the person upon the records of the Association as a member entitled to vote.
- d. No member shall be entitled to vote unless the member has registered, as provided in Section 2 (c) of this Article II, at least sixty (60) days before voting, unless the Board of Directors shall have fixed another record date as provided in Section 5 (c) of Article III of these Bylaws.
- e. Any proper registration of a member entitled to vote shall remain effective until such member no longer owns the requisite interest in a building site or is no longer the designated member for a building site, as the case may be.
- f. As used in these Bylaws, the term "voting member" shall mean an individual entitled to vote in accordance with this Article II.

Section 3. **Member in Good Standing and Suspension.**

- a. A member who is current in payment of dues, assessments or other charges from the Association, and is not suspended pursuant to this Section 3, shall be a member in good standing.
- b. Any member who has been determined by the Board of Directors of the Association to be in violation of these Bylaws, the Rancho Santa Fe Protective Covenant, the Articles of Incorporation or any regulations adopted by the Board of Directors may have any and all rights of membership in the Association, including voting, golf and tennis privileges (if applicable), committee membership and the like, suspended by

the Board of Directors in the manner provided from time to time in the Rancho Santa Fe Regulatory Code.

1. The Association shall provide the member at least fifteen (15) days prior notice of a hearing to determine such violation and to consider suspension and the reasons therefor. Such notice shall be given by first class mail sent to the last address of the member shown on the Association's records.
 2. The member shall be provided an opportunity to be heard, orally or in writing, at the hearing which shall be conducted by the Board of Directors, or a committee or hearing officer authorized by the Board to determine such violation and decide whether or not the suspension shall take place. If the hearing body decides that suspension is warranted, the effective date of the suspension shall be five (5) business days after the hearing.
- c. Whenever any member shall be suspended, the fact of suspension shall be recorded in the appropriate books of record of the Association and may for a period of thirty (30) days, be posted on the Association bulletin board by the Secretary of the Association.

Section 4. Membership Assessment.

- a. Members shall be subject to assessments as provided in the Rancho Santa Fe Protective Covenant.
- b. Members shall also be subject to dues and other charges for the exercise of privileges and use of Association facilities and services.
- c. Dues, assessments or other Association charges which are in arrears shall be collected in a manner which the Board of Directors may prescribe from time to time.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meetings.

The members shall meet annually on the second Thursday in May each year at such time and place in Rancho Santa Fe as may be fixed by the Board of Directors. Not less than ten (10) days nor more than twenty (20) days before the date of an annual meeting, the Board shall cause written notice to be personally delivered or mailed by first class mail, postage prepaid, to each member who, on the record date for notice of the meeting, is entitled to vote thereat. If mailed, the notice shall bear the address of the member as it appears on the books of the Association. The notice shall specify the place, date and time of the meeting, and shall state those matters which the Board of Directors, at the time the notice is given, intends to present for action by the member; but any proper matter may be presented at the meeting. The notice shall include the names of all candidates who have been nominated for the Board of Directors (by whatever process) at the time the notice is sent, as well as their brief biographies prepared pursuant to Section 4 of Article IV. If less than one-third of all members who are entitled to vote at the annual meeting are present thereat, only those matters, notice of the general nature of which was given, may be voted upon at such meeting.

Section 2. **Special Meetings.**

Special meetings of the members may be called at any time by the Board, or the President, and shall be called by the Board upon written request of not less than one hundred (100) voting members. Upon request in writing to the President, Vice President or Secretary by any person (other than the Board) entitled to call a special meeting, such Officer shall cause written notice to be personally delivered or mailed by first class mail, postage prepaid, to each member who, on the record date for notice of the meeting, is entitled to vote thereat. If mailed, the notice shall bear the address of the member as it appears on the books of the Association. The notice of the special meeting shall specify the place, date and time of the meeting and shall state the general nature of the business to be transacted; no other business may be transacted at said meeting. The notice shall be given within twenty (20) days of receipt of the request, and the meeting shall be held at a date and time fixed by the Board not less than thirty-five (35) nor more than ninety (90) days after receipt of such request. Notwithstanding the foregoing, with respect to a special meeting, the only action which the members can take at the meeting, other than to approve minutes or to adjourn, is to authorize the distribution to voting members of written ballots for voting without a meeting on the proposal(s) described in the notice of the meeting. The record date for members entitled to vote by such written ballot without a meeting shall be the same record date as fixed for the special meeting. Such written ballot shall be distributed no less than twenty (20) days, but no more than forty-five (45) days, following the date of the special meeting.

Section 3. **Quorum.**

The presence in person of seventy-five (75) voting members at a duly called meeting shall constitute a quorum.

Section 4. **Adjournment.**

- a. In the absence of a quorum, any duly held meeting of members may be adjourned from time to time by a vote of a majority of the voting members present, but no other business shall be transacted.
- b. When a duly held meeting of members is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. When a meeting is adjourned for less than forty-five (45) days, it is not necessary to give notice of the time and place of the adjourned meeting or the business to be transacted thereat other than by announcement thereof at the meeting at which the adjournment is taken.

Section 5. **Voting.**

- a. Members may vote in one of two ways: either (i) in person by written ballot at an annual meeting or special meeting (subject in the case of a special meeting to Section 2 of this Article III) or (ii) without a meeting by written ballot distributed to all voting members not later than thirty (30) days prior to the date that the ballots are to be returned to be counted. Both types of voting shall be conducted in a manner designed to protect the identity of the member casting the vote. With respect to written ballots distributed to all voting members without a meeting, the Board of Directors shall fix a date and time by which ballots are to be returned to be counted. There shall be no voting by proxy. Notwithstanding any of the foregoing, written

balloting shall not be required at an annual or special meeting of members for the approval of minutes or to adjourn.

- b. Written ballots shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. Any solicitation accompanying such ballots shall indicate the number of responses needed to meet the quorum requirement, and with respect to ballots other than for election of Directors, the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted. Whenever written ballots are distributed to all voting members without a meeting, there shall be provided a reasonable time within which to return the ballots to the Association but not earlier than thirty (30) days following the distribution of the ballots. Whenever written ballots are distributed to voting members present at an annual or special meeting, the time within which to return the ballots shall be fixed by the inspector of elections or, if no inspector of elections is present, the chairperson of the meeting.
- c. Members entitled to notice and entitled to vote at an annual meeting, at a special meeting or by written ballot, on any issue or election relative to said meeting or written ballot, are those members of record as shown on the books of the Association as of the close of business sixty (60) days prior to said meeting date or the date the first written ballot is mailed or solicited. The Board of Directors may fix another time as the record date for the determination of the members entitled to notice and entitled to vote, but any record date so fixed shall not be more than sixty (60) nor less than ten (10) days before the date of the meeting or the date the first written ballot is mailed or solicited.
- d. In advance of any meeting of members at which an action may be taken and at each annual election of Directors, the Board shall appoint inspectors of election to act at the meeting and any adjournment thereof. If any person so appointed fails to appear or refuses to act, the chairman of the meeting of members shall at the meeting appoint a person or persons to replace those who so fail or refuse. The number of inspectors shall be one (1) or three (3) and shall satisfy the qualifications required by the Davis-Stirling Common Interest Development Act.

The inspectors of election shall determine, with respect only to the election or meeting for which the inspector was appointed and with reference solely to the records of the Association, the number of memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of ballots, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote (provided, however, that all challenges and questions shall be raised at the meeting in order for the same to be heard and determined by the inspectors, and such hearing shall take place only at the meeting), count and tabulate all votes or consents, determine when at a meeting the polls shall close, determine the results and do such acts as may be proper to conduct the election or vote with fairness to all members.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. The decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all inspectors. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

Section 6. Conduct of Meetings.

- a. Meetings of members shall be presided over by the President of the Association or, in the absence of the President, by the Vice President or, in the absence of both, by a Chairman chosen from the Board by a majority of the voting members present. The Secretary of the Association shall act as secretary of all meetings of members; provided that, in the Secretary's absence, the presiding officer may appoint another person to act as secretary of the meeting.
- b. Meetings of members shall be governed by Robert's Rules of Order, as such Rules may be revised from time to time, insofar as such Rules are not inconsistent or in conflict with these Bylaws, with the Articles of Incorporation of the Association, with the Rancho Santa Fe Protective Covenant or with law.

ARTICLE IV DIRECTORS

Section 1. Number of Directors.

The Association shall have seven (7) Directors and collectively they shall be known as the Board of Directors.

Section 2. Powers of Board of Directors.

The Board of Directors shall, subject to limitations set forth in the Articles of Incorporation, the Rancho Santa Fe Protective Covenant, and these Bylaws, exercise the powers of the Association, control its property, and conduct its affairs with, but not limited to, the following specific powers:

- a. To call special meetings of the members, or authorize the distribution of written ballots without a meeting for any action which may otherwise be taken at any regular or special meeting of the members, whenever deemed necessary;
- b. To elect from its own number a President and a Vice President;
- c. To appoint/elect and remove a Manager, Building Commissioner, Secretary, Assistant Secretary, Chief Financial Officer and Treasurer.
- d. To make regulations, resolutions and rulings as authorized by the laws of the State, the Rancho Santa Fe Protective Covenant, the Articles of Incorporation, and these Bylaws.

Section 3. General Qualifications.

- a. Each Director shall have been a resident member of the Association for at least three (3) years, whether or not contiguous, prior to the individual's nomination and shall be a member in good standing at the time of his or her nomination. Directors shall be eligible for reelection without limitation on the number of terms they may serve.
- b. Not later than concurrently with the acceptance of (i) a nomination for election to the Board of Directors or (ii) an appointment to fill a vacancy on the Board of Directors, each prospective Director shall have filed at the principal office of the Association a statement of economic interest on substantially the same form as may, from time to time, be required by the California Fair Political Practices Commission or a successor regulatory body. The appropriate officer of the Association shall promptly forward such form to the Nominating Committee. The Nominating Committee shall promptly

review such form and, if it is complete, certify the same as complete. Unless and until the Nominating Committee certifies the statement of economic interest form as complete, the nomination shall not be effective.

- c. As used in these Bylaws, a “resident member” is a member who actually resides on a building site for a period of not less than nine (9) months in any calendar year, but without regard to temporary absence due to vacation or to conditions at the residence making it unsuitable for occupancy including, without limitation, remodeling or remediation of environmental or health hazards. For the purpose of this section, the Association may rely upon the designation of a member with respect to the place of such member’s residence.

Section 4. **Election of Directors.**

- a. Except for Directors appointed to fill vacancies, Directors shall be elected by written ballot distributed to every member entitled to vote for the election of Directors. Written ballots for election of Directors in conjunction with an annual meeting or a special meeting shall be mailed to each member entitled to vote for the election of Directors not later than the business day immediately following such annual meeting or special meeting.
- b. The terms of the Directors shall be staggered in order that no more than three (3) Directors shall be elected to full terms in any one year.
- c. The term of office for all Directors shall be for a period of three (3) years, or until their successors are elected and have taken office.
- d. Not later than the first meeting of the Board of Directors held in each January, the Board of Directors shall create an ad hoc committee, hereafter referred to as the Nominating Committee. Said Nominating Committee shall have five (5) members who shall be Association members. The manner in which these five (5) positions are to be filled is as follows:
 - 1. The sitting President and Vice President of the Association Board shall fill two (2) positions on the Nominating Committee.
 - 2. The remaining three (3) positions shall be drawn by lot from a list of past Association Board members who are resident members of the Association in good standing, who are not current members of the Association Board and have completed a full three year term within the last ten (10) years, and who have not served on the committee charged with nominating Directors within a period of one (1) year. Nine (9) names shall be drawn as provided above. The first three (3) names drawn in numerical order accepting shall become members of the Nominating Committee. Alternates, as required, shall be selected by the order of the drawing.
 - 3. Nominating Committee members shall serve until the completion of the annual meeting immediately succeeding their appointments. Not less than sixty (60) days prior to such meeting, the Nominating Committee shall nominate and report to the Board not less than two (2) more individuals than the number being elected as candidates for the Board of Directors. All candidates so nominated must be qualified.
- e. The report of the Nominating Committee, containing the names of the candidates shall, on receipt from the committee, be immediately posted on the Association bulletin board by the Secretary of the Association.

- f. Additional nominations may be made in writing on a form provided by the Association by any member in good standing, including a nomination made by the candidate of himself or herself, accompanied by a statement of economic interest as required by Section 3 of this Article, delivered to an officer of the Association within sixty (60) days prior to the annual meeting, which written nomination and statement of economic interest the officer shall promptly deliver to the Nominating Committee. Such nominations shall be immediately posted on the Association bulletin board by the Secretary. A candidate may withdraw by giving written notice to the Secretary of the Association at least twenty (20) days prior to the annual meeting or the date the first written ballot is mailed or distributed.
- g. The notice of the annual meeting of members shall include the names of candidates who have been nominated (by whatever process) at the time the notice is given and brief biographies of such candidates in a format designated by the Nominating Committee.
- h. The Directors shall be elected by secret ballot from those nominated as herein provided. The number to be elected shall be dependent upon the number of Directors whose terms are expiring and the number of vacancies, if any, then existing. Printed ballots containing the names of all candidates arranged alphabetically, shall be prepared by the Secretary. Each voting member shall be entitled to vote for the number of Directors to be elected, but cumulative voting shall not be permitted. Consistent with the number of positions to be filled, the candidates receiving the highest number of votes shall be certified by the inspectors to the Secretary; provided, however, those candidates receiving the highest number of votes shall serve the full terms and the others elected shall fill the remaining terms thereof. The Secretary shall post on the Association bulletin board the names of the Directors elected, the number of votes received by each, and the term each is to serve. Directors so elected shall take office on July 1st and shall serve for the term hereinabove specified. After a recount and in case of a tie which prevents the election of the appropriate number of Directors, the tie shall be determined by lot between the tying candidates.
- i. A vacancy in the Board of Directors shall exist upon the death, resignation (including, without limitation, pursuant to subsection (j) of this Section 4) or removal of a Director.
- j. If any member of the Board of Directors shall fail to maintain current, on at least an annual basis, the Statement of Economic Interest provided by paragraph (b) of Section 3 of Article IV of these Bylaws, and in accordance with such rules as may be adopted by the Board of Directors, such member shall have been deemed to have resigned from the Board.
- k. Vacancies in the Board of Directors, whether created by the removal of a Director by the members or otherwise, shall be filled by appointment by a majority of the remaining Directors, although less than a quorum, at a regular meeting of the Board of Directors held not less than thirty (30) days following the occurrence of such vacancy. Directors appointed by the Board of Directors to fill a vacancy shall serve until the first to occur of (i) the expiration of the term of the Director with respect to whom the vacancy occurred, or (ii) such shorter period as determined by the Board of Directors at the time of the appointment to fill the vacancy.
- l. The Association shall not be required to maintain ballots and voting records for more than two (2) years unless the Board of Directors shall direct said ballots and records to be stored for a longer period. Accordingly, the Secretary and/or Association

Manager may destroy, burn or otherwise dispose of said ballots and records without further authority or direction from the Board.

- m. For purposes of this subsection (m), the term “campaign” shall mean the solicitation of votes to be cast upon an action to be taken at an annual or special meeting, or without a meeting by written ballot distributed to all voting members. During a campaign, if any candidate or member advocating a point of view shall be provided access to Association media for purposes that are reasonably related to that campaign, equal access shall be provided to any other candidate or member so advocating a point of view, whether or not endorsed by the Board. The Association shall not edit or redact any content from such communications, but may include a statement specifying that the candidate or member, and not the Association, is responsible for the content. With respect to content delivered by mail by the Association, the obligations of the Association pursuant to this subsection (m) may be satisfied by providing access to the Association’s mailing list of members pursuant to regulations adopted for such purpose.

Section 5. **Meetings of Board of Directors.**

- a. Meetings of the Board of Directors shall be held at the principal office of the Association, unless otherwise provided by the Board.
- b. The Board of Directors shall meet regularly on the 1st and 3rd Thursday of each month, at such hour the Board establishes for the commencement of business; no notice of such regular meetings need be given.
- c. Special meetings of the Board of Directors shall be called by the President, or by a majority of the Board, by directing the Secretary to issue a call for such meeting. Thereupon, the Secretary shall notify each Board member either personally, by telephone, or by mail at least twenty-four (24) hours prior to the time of such meeting. Such notice shall specify the purpose of the meeting, and at such special meeting, only the business so noticed may be transacted. If the Secretary fails to give such notice, any Board member may do so.
- d. The presence in person of at least four (4) members of the Board of Directors shall constitute a quorum for the transaction of business.
- e. At the request of any member of the Board of Directors, the Secretary shall record the vote of each Director upon any motion.
- f. Meetings of the Board of Directors shall be presided over by the President of the Association, or in the President’s absence, by the Vice President, or in the absence of both, by a Chairman chosen by a majority of the Directors present. The Secretary of The Association shall act as Secretary of the Board; provided, however, that in the absence of the Secretary, the presiding officer shall appoint an individual to act as Secretary of the meeting.
- g. All meetings of the Board of Directors shall be open to Association members; provided, however, the presiding officer may, at a duly held meeting of the Board, declare a closed meeting of the Board, known as an Executive Session, (i) to consider matters affecting the security of Association buildings or facilities, or (ii) to consider matters affecting any present or proposed employee of the Association, or (iii) to confer with Association counsel on any matter, under conditions in which the attorney-client privilege would obtain, when necessary to preserve the Board’s right to effective counsel, or (iv) under such circumstances as may be allowed by law and determined by a majority of the Board to be discussed in Executive Session. The Association Manager shall attend all

Executive Sessions, unless excused therefrom, and keep and enter in a confidential minute book a record of topics discussed and decisions made at the meetings.

- h. Members of the Board of Directors shall conduct themselves in accordance with a Conflict of Interest and Ethics Code which the Board shall adopt. Such Code shall provide at least the following: In the event any proposed action of the Board of Directors could conflict with an economic interest of a member or members of the Board of Directors reportable pursuant to Paragraph (b) of Section 3 of Article IV of these Bylaws, the question as to whether or not a conflict of interest arises will be determined by vote of the disinterested members of the Board of Directors. In the event that determination is made that a conflict of interest exists, the interested member of the Board shall be excused from that portion of the meeting. The Code shall provide that any such determination by disinterested members of the Board, or any failure of the Board to make such determination, shall be subject to appeal to and final and binding determination by an ad hoc committee, referred to as the Conflict of Interest Committee, which shall be comprised of the last three presidents of the Association who are not currently serving on the Board, are members in good standing and are willing to serve.
- i. A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to meet again at another time or place. In the event a meeting of the Board of Directors is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.
- j. Members of the Board may participate in a meeting through use of a conference telephone or other similar communications equipment so long as all members' participation in such meeting can hear one another. Participation in a meeting pursuant to this provision constitutes presence in person at such meeting.

Section 6. Limitations on Board of Directors' Powers.

- a. Resolutions providing for the acquisition of real property by the Association or for the sale, mortgage or other disposition of any real property of the Association (except for granting, accepting, relocating or extinguishing franchises, rights-of-way, and easements for public utility or for other public or quasi-public purposes upon, over and/or under any real property owned by the Association or by any other party) shall not become effective until thirty (30) days after written notice shall have been given by mail to all members of the Association. If during such thirty (30) day period there shall be presented to the Secretary a petition signed by one hundred (100) voting members of the Association protesting against such acquisition, sale, mortgage or other disposition of property, such resolution shall not become effective unless approved by a majority of a quorum of voting members at a members' meeting called and held within thirty (30) days after the filing of such petition or by written ballot distributed to all members as prescribed in these Bylaws. During the periods referred to above, the Board and/or Association shall not consummate the transaction and shall notify affected third parties of the provisions contained herein.
- b. Any approval given by the Board of Directors for any sub-division, realignment, variance, commercial or multiple residential structure, keeping of animals, or modification of Local Protective Restrictions of the Rancho Santa Fe Protective Covenant shall not be valid unless and until the Board shall first (i) have received the

written advice of the Rancho Santa Fe Art Jury thereon, and (ii) have had a hearing thereon at which Association members shall have the right to speak. Notwithstanding the existence of a quorum, any such approval shall require an affirmative vote of at least four (4) members of the Board of Directors; provided, however, that in the event the said Art Jury advises disapproval in writing thereof, any such approval shall require an affirmative vote of at least five (5) members of the Board of Directors. Notwithstanding the foregoing, the Board of Directors may, by resolution or regulations, delegate to the Art Jury authority to approve temporary construction signs and the keeping of animals, provided the Board of Directors retains jurisdiction to hear appeals therefrom which appeals shall be determined by the vote of a simple majority of the Directors then in office at a duly called and held meeting of the Board of Directors. (Reference is made to Protective Covenant Paragraphs 19, 20, 37 and 67).

c. Any other provisions of these Bylaws to the contrary notwithstanding, the Association shall not approve or enter into any covenant or other written instrument for the purposes of making any lands or property subject to the provisions of Rancho Santa Fe Protective Covenant or the jurisdiction of the Association, except in compliance with the provisions of this subsection (c). For the purpose of this subsection, any such action taken by the Board may be referred to as an “annexation.”

1. No annexation shall be valid unless and until the Board of Directors shall first conduct a hearing thereon at which Association members shall have the right to speak. Notwithstanding the existence of a quorum at a meeting of the Board of Directors, approval by the Board of any annexation shall require the affirmative vote of at least a majority of all members of the Board.
2. With respect to any lands or property within any of Blocks 1 through 48, inclusive, including lots 3 and 4 of Block 38, commonly known as Block M, and Blocks A through H, inclusive, as described in Map 1742, filed in the Office of the County Recorder of San Diego County, California on December 28, 1922, or within any part of Map 2089 filed in the Office of said County Recorder on April 17, 1928, or within any part of Map 2129 file in the Office of said County Recorder on November 22, 1928, no such approval by the Board of Directors shall become effective until thirty (30) days written notice of such approval has been given by mail to all members of the Association. If during such thirty (30) day period there shall be presented to the Secretary of the Association a petition signed by one hundred (100) of the voting members of the Association protesting the approval, then such approval shall not become effective unless thereafter approved by the vote of a majority of the members of the Association present and voting at a members’ meeting (at which a quorum is present) called and held as prescribed in the Bylaws for special meetings, or by written ballot as provided in the California Corporation Code.
3. With respect to any other real property, with the exception of that described in the foregoing paragraph (2), no such approval given by the Board of Directors for any annexation shall become effective unless an until approved by a majority of the members of the Association present and voting at a members’ meeting (at which a quorum is present) called and held as prescribed in the Bylaws for special meetings, or by written ballot as prescribed in the California

Corporation Code. Notice of any such special meeting shall first have been given by mail to all members of the Association not less than thirty-five (35) days prior thereto.

- d. Notwithstanding the provisions of Section 6 (b) of this Article IV, any approval given by the Board of Directors for any modification of Local Protective Restrictions of the Rancho Santa Fe Protective Covenant shall not become effective until thirty (30) days after giving notice to the Association members of the proposed modification, as contained in the minutes of the meeting at which such approval was given, by any one of the following methods: (i) notice mailed to each member by first class mail, postage prepaid; (ii) notice published in one or more newspapers that the Board of Directors determines have general circulation in Rancho Santa Fe; or (iii) notice posted on the Association bulletin board. If during such thirty (30) day period there shall be presented to the Secretary a petition signed by one hundred (100) voting members of the Association protesting against such approval, such approval shall not become effective unless approved by a majority of a quorum of voting members at a members' meeting called and held within thirty (30) days after the filing of such petition. During the periods referred to above, the Board and/or Association shall not consummate the transaction and shall notify affected third parties of the provisions contained herein.
- e. Regulations may be adopted, amended or repealed after a hearing thereon conducted by the Board of Directors at which Association members shall have the right to speak, by affirmative vote of at least five (5) members of the Board of Directors. The Board of Directors shall cause written notice to be personally delivered or mailed by first class mail to each voting member of the proposed regulation (or amendment or repeal thereof) and the hearing thereon not less than fifteen (15) days prior to the hearing date. Any such regulation (or amendment or repeal thereof) shall have full force and effect immediately upon being so adopted.
- f. The Board of Directors shall cause a budget for each fiscal year to be regularly prepared and distributed to all members not less than sixty (60) days prior to the beginning of each fiscal year of the Association, regardless of the number of members or the amount of assets of the Association. The budget shall contain the following information: (i) the estimated revenue and expenses of the Association on an accrual basis; (ii) the amount of the total cash reserves of the Association currently set aside; (iii) an itemized estimate of the remaining life of, and the method of finding to defer repair, replacement or additions to major components of the areas and facilities for which the Association is responsible; and (iv) a general statement setting forth the procedures used by the Board of Directors in calculating and establishing reserves to defray the cost of repair, replacement or addition to major components of the areas and facilities for which the Association is responsible.
- g. The Board of Directors shall cause to be prepared and distributed to all members, within one hundred twenty (120) days after the close of each fiscal year, an annual report, which shall include: (i) a balance sheet as of the end of each fiscal year; (ii) an operating (income) statement for the fiscal year; (iii) a statement of changes in financial position for the fiscal year; (iv) any information required to be reported under Section 8322 of The California Corporations Code; and (v) for any fiscal year in which the gross income to the Association (including all regular and special assessments levied upon all members during the fiscal year) exceeds \$75,000, a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. If the annual report is not prepared by an independent accountant, it shall be accompanied by the

certificate of an authorized officer of the Association that the statements were prepared from the books and records of the Association without independent audit or review. For any fiscal year in which the annual report is not prepared by a licensee of the California State Board of Accountancy, the statements prepared in connection with the annual report shall be prepared in conformity with generally accepted accounting principles, or some other basis of accounting which reasonable sets forth the assets and liabilities and the income and expenses of the Association, and discloses the accounting basis used in the preparation. Upon written request of a member, the Board of Directors shall promptly cause the most recent annual report to be sent to the requesting member.

- h. The Board of Directors shall cause to be distributed to all members, within sixty (60) days prior to the beginning of each fiscal year, a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of annual assessments, including the recording and foreclosing of delinquent assessment liens.
- i. Absent prior authorization by a majority of the voting members pursuant to written ballot, the Board of Directors shall not initiate or pursue any activity nor authorize or incur any expense in connection with any proposition or proposal which in any way deals with or concerns (i) the potential incorporation as a city of all (or any portion of) the properties subject to the Rancho Santa Fe Protective Covenant or to the jurisdiction of the Association, either independently or in common with other communities, or (ii) the potential annexation into a city of all (or any portion of) the properties subject to the Rancho Santa Fe Protective Covenant or to the jurisdiction of the Association, either independently or in common with other communities.

Section 7. **Self-Dealing Contracts.**

As used in this section, a "self-dealing contract" is any contract or transaction (i) between the Association and one or more of its Directors, or between the Association and any corporation, firm or association in which one or more of its Directors has a material financial interest, or (ii) between the Association and a corporation, firm or association of which one or more of its Directors are Directors of the Association. Pursuant to Section 7233 of the California Nonprofit Corporation Law, no self-dealing contract shall be void or voidable because such Director(s) or corporation, firm or association are parties or because such Director(s) are present at the meeting of the Board which authorizes, approves or ratifies the self-dealing contract, if:

- a. All material facts are fully disclosed to or otherwise known by the members and the self-dealing contract is approved by the members in good faith (without including the vote of any membership owned by such interested Director(s)); or
- b. All material facts are fully disclosed to or otherwise known by the Board and the Board authorizes, approves or ratifies the self-dealing contract in good faith by a vote sufficient (without counting the vote of the interested Director(s), and, in the case of a self-dealing contract described above, the Board resolves and finds that the contract is just and reasonable at the time it is authorized, approved or ratified; or
- c. The person asserting the validity of the self-dealing contract sustains the burden of proving that the contract was just and reasonable as to the Association at the time it was authorized, approved or ratified.

Section 8. **Standard of Conduct.**

A Director shall perform the duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

1. One or more officers or employees of the Association who the Director believes to be reliable and competent in the matters presented;
2. Counsel, independent accountants or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
3. A committee of the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence, so long as, in any such case the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Section 9. **Removal of Directors.**

Directors of the Association may be removed from office as follows:

- a. The Board of Directors may declare vacant the office of a Director who, during such Director's term of office, (i) has been declared of unsound mind by a final order of court, (ii) has been convicted of a felony, (iii) had his or her membership rights suspended pursuant to the provisions of Section 3(b) of Article II of these Bylaws or (iv) shall have an unexcused absence from four (4) consecutive meetings of the Board of Directors; provided, however, a Director shall be excused from attending a meeting of the Board of Directors if (1) an oral or written request for such excuse is received, prior to such meeting, by the President or Secretary and (2) the Board of Directors, by a majority vote taken at such meeting, excuses said Director.
- b. Any Director or all of the Directors may be removed if the removal is approved by the affirmative vote of a majority of the voting members voting by written ballot, whether without a meeting or following a special meeting of members duly called and held for the purpose of distributing written ballots on the question of removal, where the total number of votes cast by ballot equals or exceeds the quorum required to be present at a special meeting.
- c. A reduction in the number of authorized Directors shall not remove any Director prior to the expiration of such Director's term of office.

ARTICLE V DUTIES OF OFFICERS

Section 1. **Officers.**

The officers of the Association shall be President, Vice President, Secretary, Treasurer, Assistant Secretary, Chief Financial Officer, Manager and Building Commissioner. No individual may hold more than one (1) office, except the same individual may hold one or more of the offices

of Secretary, Manager, Chief Financial Officer, and Building Commissioner. All officers are chosen by and serve at the pleasure of the Board of Directors.

Section 2. Election of Officers.

As soon as possible after the election, following each annual meeting of members, the Board of Directors shall hold a special meeting for the purpose of organization, election of officers and the transaction of other business.

Section 3. President.

The President shall preside over all meetings, shall sign all instruments in writing which have been approved by the Board of Directors, shall be recognized as the official head of the Association, and shall have such powers as generally pertain to the office of the President, together with such other powers as may be conferred upon that office by the Board. The President shall consult with the President of the Art Jury prior to appointing anyone to serve as a member of the Art Jury.

Section 4. Vice President.

The Vice President shall assume the duties of the President whenever the latter is absent or is unable or refuses to act. If both, the President and Vice President are unable to act, the Board shall appoint a Director to serve as a President Pro Tem.

Section 5. Secretary.

The Secretary shall keep a record of the proceedings of the Board of Directors and of the members, and shall perform such other duties as may be prescribed by the Board. The Secretary shall keep a record containing the list of the members of the Association, with the name and address of each member. The Manager shall at all times serve as the Secretary.

Section 6. Treasurer.

The Treasurer shall be responsible for serving as Chair of the Audit/Finance Committee, and for providing advice concerning the financial affairs of the Association. The Treasurer shall be selected each year from among the sitting Board of Directors.

Section 7. Chief Financial Officer.

The Chief Financial Officer shall be responsible for safeguarding and accounting for the receipts and disposition of assets of the Association.

Section 8. Assistant Officers.

The Board of Directors may at any time appoint one or more Assistant Secretaries, Assistant Treasurers and such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board of Directors may from time to time determine.

Section 9. Association Manager.

The Manager shall be the chief administrative officer and Secretary of the Association. The powers, duties and manner of appointment of the Manager are specified in detail in Article VII.

Section 10. Building Commissioner.

- a. There is created the office of Building Commissioner, with such powers as are authorized by the Articles of Incorporation, and such duties as are prescribed in the Rancho Santa Fe Protective Covenant. The Building Commissioner shall be appointed by the Board of Directors upon the recommendation of the Association Manager.
- b. The Building Commissioner shall perform such other duties and have such other responsibilities as may be prescribed by the Board of Directors and the Association Manager, and shall be responsible to the Association Manager in performance of the Building Commissioner's duties.

ARTICLE VI ASSOCIATION COMMITTEES

The Board of Directors may establish committees of members in good standing to provide the Board with advice and counsel toward meeting Association objectives regarding open space, recreation, parks, finance and such other matters as the Board shall from time to time deem appropriate. The Board shall, at the time of the establishment of each such committee, define the committee's responsibilities and the Board shall monitor the performance of each such committee. All committees shall be under the direct supervision and subject to control of the Board of Directors.

ARTICLE VII ASSOCIATION MANAGER

Section 1. Creation of Office.

The position of Association Manager (herein referred to as "Manager") is hereby created.

Section 2. Appointment of Manager.

The Manager shall be appointed by affirmative vote of at least five (5) members of the Board of Directors. The Manager shall be chosen by the Board solely on the basis of executive and administrative qualification with special reference to actual experience in or knowledge of accepted practice in respect to the duties of the office as hereinafter set forth. The terms of the Manager's employment may be set forth in a written employment contract. No member of the Association shall receive such appointment.

Section 3. Removal of Manager.

The Board of Directors may remove the Manager at any time by affirmative vote of at least four (4) members of the Board of Directors.

Section 4. **Powers and Duties of Manager.**

The Manager shall be the chief administrator of the Association. The Manager may head one or more departments and shall be responsible to the Board of Directors for the proper administration of all affairs of the Association. To that end, the Manager shall have power and shall be required to:

- a. Appoint and, when necessary for the good of the Association, suspend or remove any employees of the Association except as otherwise provided by the Rancho Santa Fe Protective Covenant, Articles of Incorporation, employment contracts, or law; however, the Manager may authorize the head of a department to appoint, suspend, or remove subordinates in such department. No member of the Association may be a full-time, paid employee of the Association.
- b. Prepare the budget annually and submit it to the Board of Directors together with a message describing its important features, and be responsible for its administration after adoption.
- c. Cause to be prepared and submit to the Board of Directors and Treasurer within sixty (60) days of the fiscal year end a complete written report on the finances and administrative activities of the Association for the preceding year.
- d. Keep the Board of Directors advised of the current financial condition and future needs of the Association, and make such recommendations as the Manager may deem desirable.
- e. Recommend to the Board of Directors job descriptions and a standard schedule of pay for each position in the Association, including minimum, intermediate and maximum rates.
- f. Recommend to the Board of Directors adoption of such measures as the Manager may deem necessary or expedient for the health, safety, or welfare of the community or for the improvement of administrative services.
- g. Consolidate or combine positions, departments, or units under the Manager's jurisdiction, with the approval of the Board of Directors.
- h. Attend all meetings of the Board of Directors unless excused there from, and take part in the discussion of all matters coming before the Board. The Manager shall be entitled to notice of all special meetings of the Board.
- i. Supervise the purchase of all materials, supplies and equipment for which funds are provided in the budget, let contracts necessary for operation or maintenance of Association services for amounts up to such maximum as may be determined by resolution of the Board of Directors, receive sealed bids for purchases or contracts in excess of such maximum and present them to the Board for approval, and advise the Board on the advantages or disadvantages of contract and bid proposals. No purchase shall be made, contract let or obligation incurred for any item or service which exceeds the current budget appropriation without a supplemental appropriation by the Board. No contract for construction shall be let, nor shall any construction be otherwise undertaken, except by authority of the Board.
- j. See that the provisions of the Rancho Santa Fe Protective Covenant, Articles of Incorporation, these Bylaws, and all rules, regulations and resolutions of the Board of Directors are duly enforced.
- k. Investigate the operations of the Association or any Association department. Investigate all complaints in relation to matters concerning the administration of the Association, and see that all franchises, permits and privileges granted by the Association are faithfully observed.
- l. Devote full time to the discharge of the Manger's duties.

Section 5. Control of Personnel.

Except for the purpose of inquiry, the Board of Directors and its members shall deal with the Association personnel solely through the Manager, and neither the Board nor any member thereof shall give orders to any subordinates of the Manager, either publicly or privately, neither the Board nor any of its members shall request or direct the Manager to appoint or remove any person.

Section 6. Emergencies.

In case of accident, disaster, or other circumstances creating a public emergency, the Manager may award contracts and make purchases for the purpose of meeting said emergency, but the Manager shall file promptly with the Board of Directors a certificate showing such emergency and the necessity for such action, together with an itemized account of all expenditures.

Section 7. Compensation.

The Manager shall receive such compensation as the Board of Directors shall fix from time to time by agreement or resolution.

Section 8. Vacancy.

Any vacancy in the office of Manager shall be filled by the Board of Directors as soon as possible after the effective date of such vacancy.

ARTICLE VIII INDEMNIFICATION

The Association shall have and agrees to exercise the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was a Director, officer, employee, or member of the Art Jury of the Association, and may exercise the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Association, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such a proceeding to the full extent allowed by Section 7237 of the Nonprofit Corporation Law.

ARTICLE IX INSTRUMENTS, DEPOSITS AND FUNDS

Section 1. Contracts.

The Board of Directors may authorize any officer or agent of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Association, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent or employee shall have any power or authority, except as in these Bylaws provided, to bind the Association by any contract or engagement, or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

Section 2. Signatures.

All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association, shall be signed by the Treasurer and countersigned by the President, unless otherwise directed by resolution of the Board of Directors as provided in Section 1 hereto.

Section 3. Deposits.

All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 4. Gifts.

The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any specific purpose, of the Association.

Section 5. Books.

The accounting books and records, and the minutes of proceedings of the members, the Board of Directors and committees, shall be open to inspection upon written demand of any Association member in good standing at any reasonable time during usual business hours, for a purpose reasonably related to such member's interests as a member. Any Association member may obtain from the Association copies of said minutes, books, records or documents upon payment of reasonable reproduction costs. Upon written request of any Association member, the Board may permit inspection of other Association records provided, however, that unless the Board permits otherwise no member shall inspect the records of an election for Directors or other vote outside the presence of the inspectors of elections for such election or vote.

ARTICLE X NOTICES

Section 1. Mailing.

All notices required under these Bylaws to be given to members must be given in writing by depositing the same in the U.S. Mail, postage prepaid, properly addressed to the person to whom it is to be given at such person's last known address as shown on the records of the Association.

Section 2. Time of Notices.

Unless specified otherwise in these Bylaws, notices of hearings shall be given in the time and manner prescribed by the Board of Directors.

ARTICLE XI BYLAWS AND AMENDMENTS TO BYLAWS

Section 1. By Members.

Any of these Bylaws may be amended or repealed, and any Bylaw may be adopted, amended or repealed, by the written consent of voting members entitled to exercise a majority of the voting power of the Association, or by the vote of majority of a quorum at a meeting of Association members duly called for the purpose thereof according to these Bylaws. The Board of Directors shall have no power to amend or repeal any bylaw or amendment adopted by the members of the Association, or to adopt any bylaw repealed by the members of the Association.

Section 2. **By Board of Directors.**

Subject to the right of Association members to adopt, amend, or repeal bylaws, any of these Bylaws may be amended or repealed, and any bylaw may be adopted, amended or repealed by the Board of Directors, unless such action would:

- a. Materially and adversely affect the rights of members as to voting, dissolution, redemption, or transfer;
- b. Increase or decrease the number of members authorized in total for any class;
- c. Effect an exchange, reclassification or cancellation of all or part of the membership; or
- d. Authorize a new class of membership;

Provided, however, that such adoption, amendment or repeal shall be void and of no effect unless it follows a hearing thereon conducted by the Board of Directors at which Association members shall have the right to speak, after written notice of the proposed action and the hearing thereon is given to the members of the Association at least fifteen (15) days before such hearing; provided, however, that whenever a bylaw requires for Board action the affirmative vote of a large proportion of the Board than is otherwise required, the bylaw requiring such greater vote shall not be altered, amended or repealed by the Board except by such greater affirmative vote.

Section 3. **Effective Date of Amendments.**

Any action taken in accordance with these Bylaws to adopt, amend or repeal any bylaw shall become effective immediately upon being so taken unless a later date is provided for as part of such action.

Section 4. **Savings Clause.**

Any provision of these Bylaws which conflicts with the Rancho Santa Fe Protective Covenant, the Articles of Incorporation, or law shall be void and have no force or effect. The remaining Bylaws shall remain in full force and effect.

Section 5. **Place Where Bylaws and Articles Kept.**

The original or copy of these Bylaws, as amended, or otherwise altered to date, certified by the Secretary of the Association, and the Articles of Incorporation, shall be recorded and kept in a book which shall be kept in the Office of the Association, and such book shall be open to inspection by any Association member at all reasonable times during office hours.

Section 6. **Effective Date of Original Bylaws.**

These Bylaws shall become effective immediately upon their adoption.

ARTICLE XII CORPORATE SEAL

The Seal of the Association shall consist of a circle having the words, "Rancho Santa Fe Association, California, Incorporated July 14, 1927".

Originally adopted:	August	1927
Amended:	June	1950
	June	1956
	April	1959
	April	1969
	May	1969
	June	1969
	November	1972
	February	1973
	May	1975
	October	1975
	February	1976
	March	1976
	April	1976
	March	1977
	April	1977
	February	1978
	March	1979
	November	1980
	May	1982
	September	1983
	January	1984
	June	1988
	May	1989
	November	1990
	January	1991
	June	1992
	December	1992
	September	1993
	November	1993
	December	1994
	January	1995
	December	2006
	November	2008