

AMENDED AND RESTATED BYLAWS

OF

**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 92067.

ARTICLE II MEMBERSHIP ~~AND VOTING~~

Section 1.

~~Definition of Member.~~

- a. As used in these Bylaws, the term "Member" has the same meaning as defined in Article VI of the Articles of Incorporation of the Association and the Members shall have the same voting rights as set forth in such Article VI.
- b. Any resident (other than as a lessee, employee or houseguest) at a Building Site owned of record by a Member in good standing (as provided in Section 2 of this Article), and any child or step-child of such resident under the age of twenty-three (23), shall be entitled to all of the 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. As used in these Bylaws, the term "Building Site" has the same meaning as defined in Article VI of the Articles of Incorporation of the Association.
- c. The Board of Directors of the Association (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.
- d. In case of dispute with respect to whether a person (including an individual, entity or trust) is a Member of the Association, the decision of the Board of Directors shall be final.

~~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;~~
- ~~3. or 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) 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 2. ~~Section 3.~~ **Member in Good Standing and Suspension.**

~~1.~~ a. A ~~member~~ Member who is current in payment of dues, assessments or other charges from the Association, and is not suspended pursuant to this Section ~~3~~2, shall be a ~~member~~ Member in good standing.

~~2.~~ b. Any ~~member~~ 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.~~ suspended by the Board of Directors.

1. The ~~Association~~ shall provide the ~~member at least fifteen (15)~~ Member not less than fifteen (15) days prior notice of a hearing to determine such violation and to consider suspension and the reasons therefor. Such discipline may include suspension of voting rights and/or the right to make use of recreational facilities, and/or fines according to a schedule published by the Board of Directors. Such notice shall be given by first class mail, postage prepaid, sent to the last address of the ~~member~~ Member shown on the Association's records.

2. The ~~member~~ 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 notice of the ruling of the Board on the matter shall be provided to the Member not more than fifteen (15) days after the hearing, and the effective date of the any

suspension shall be ~~five (5) business days after the hearing~~the date the notice was provided to the Member.

c. Whenever any ~~member~~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 3. ~~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~~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~~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~~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~~Members; 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.~~(e) of Article IV of these Bylaws.

Section 2. Special Meetings.

Special meetings of the ~~members~~Members for any lawful purpose may be called at any time by the Board of Directors, or the President of the Association, and shall be called by the Board upon written request of not less than ~~one hundred (100) voting members.~~five (5) percent of the Members. At its option, the Board may cause the vote on the issue raised

by the request for such special meeting to be taken by means of a mail-in ballot as opposed to a meeting as provided in Section 5(b) of this Article. Upon receipt of written notification of the foregoing call for a special meeting, the Secretary of the Association shall cause written notice of the meeting (or vote by mail-in ballot) to be personally delivered or mailed by first class mail, postage prepaid, to each ~~member~~Member who, on the record date for notices of the meeting, is entitled to vote thereat. If mailed, the notice shall bear the address of the ~~member~~Member as it appears on the books of the Association. The notice of ~~the~~a 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 of such meeting (or vote by mail-in ballot) shall be given ~~within~~not more than twenty (20) days ~~of~~after receipt of the request, and the meeting (or deadline for the return of mail-in ballots) 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~~not less than twenty percent (20%) the Members entitled to cast votes at a duly called meeting, or, if voting is without a meeting and by written ballot as provided by Section 5 of this Article, the receipt of ballots from not less than one-third (1/3) of the Members entitled to cast votes by the time the ballots are required to be returned as provided by Section 5 of this Article, shall constitute a quorum.

Section 4. **Adjournment.**

- a. In the absence of a quorum, any duly held meeting of ~~members~~Members may be adjourned from time to time by a vote of a majority of the ~~voting members~~Members present and entitled to cast votes, but no other business shall be transacted.
- b. When a duly held meeting of ~~members~~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~~ Members entitled to cast votes not ~~later~~ less 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~~ Votes on the issues specified in Section 5100(a) of the identity of Davis-Stirling Common Interest Development Act (the member casting "Davis-Stirling Act"), or any successor statute, shall conform to the vote requirements of Sections 5115 and 5120 of the Davis-Stirling Act, or any successor statutes. With respect to written ballots distributed to ~~all voting members without a meeting~~ Members for a vote to be taken entirely by mail, 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~~ Members for the approval of minutes or to adjourn. Except as otherwise provided by the Rancho Santa Fe Protective Covenant, the Articles of Incorporation of the Association, these Bylaws or law, any proposal shall be considered approved by the Members if approved by a majority of the votes represented and voting at a duly held meeting, or by means of a mail-in ballot, at which a quorum is present in the case of a meeting, or casts a ballot in the case of a vote taken by mail-in ballot.

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~~ Members, there shall be provided a reasonable time within which to return the ballots to the Association but not ~~earlier~~ less than thirty (30) days ~~following the distribution of~~ nor more than forty-five (45) days after the ballots. ~~Whenever written ballots are first 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~~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~~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~~Members at which an action may be taken ~~and at each annual election, or in advance of Directors~~any action to be taken without a meeting by written ballot, the Board shall appoint inspectors of election ~~to act at the meeting and any adjournment thereof.~~ If any ~~person~~ individual so appointed fails to appear or refuses to act, the chairman of the meeting of ~~members shall at~~Members, or the President of the Association, if no meeting, shall appoint ~~a person~~an individual or ~~persons~~individuals to replace those who so fail or refuse to act. 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~~Act, or successor statute. The inspectors of election shall determine, with respect only to the ~~election or meeting~~action for which the ~~inspector was~~inspectors were appointed and with reference solely to the records of the Association, the number of ~~memberships outstanding and the voting power of each~~Members, the number of votes 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, ~~if the action shall be at a meeting,~~ determine the results and do such acts as may be proper to conduct the election or vote with fairness to all ~~members~~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~~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~~chairman

chosen from the ~~Board~~ Directors present by a majority of ~~the voting members~~ Members present and entitled to cast votes. The Secretary of the Association shall act as secretary of all meetings of ~~members;~~ Members, provided that, in the ~~Secretary's~~ Secretary's absence, the presiding officer may appoint another person to act as secretary of the meeting.

b. Meetings of ~~members~~ Members shall be governed by ~~Robert's~~ 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~~ Rancho Santa Fe Protective Covenant, the Articles of Incorporation of the Association, ~~with the Rancho Santa Fe Protective Covenant~~ these Bylaws 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~~ the Articles of Incorporation of the Association, these Bylaws ~~and law~~, 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~~ 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~~ 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; ~~and~~
- 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~~ of the Association, these Bylaws ~~and law~~.
~~Section 3. —~~

Section 3. General Qualifications.

- a. Each prospective Director and each Director shall have a twenty-five percent (25%) ownership interest (directly or indirectly through an entity or trust) in a Building Site and shall be at least eighteen (18) years old. Each prospective Director shall have been a resident ~~member of the Association at a Building Site~~ for at least three (3) years, whether or not ~~contiguous, continuously,~~ immediately prior to the ~~individual's~~ nomination ~~and shall be a member in~~ of such prospective Director. Each Director shall remain a resident at a Building Site during tenure and the Member owning of record the Building Site at which the prospective Director resides shall be in good standing ~~at the time of his or her~~ immediately prior to such nomination ~~or during such tenure,~~ as the case may be. For the purpose of this Section, a "resident at a Building Site" is an individual who actually resides (other than as a lessee) at a Building Site or Sites 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 an individual with respect to the place of such individual's residence. 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, which statement of economic interest shall be promptly forward such form be delivered to the Nominating Committee. The Nominating Committee~~ Manager of the Association. The Manager shall promptly review such form and, if it is complete, certify the same as complete. Unless and until the ~~Nominating Committee~~ Manager 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~~ mail-in ballot distributed to every Member entitled to vote for the election of Directors. ~~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. ~~Except~~ except as provided in ~~s~~ Subsection (j) of this Section 4
- ~~e.~~ d. Nominations of individuals qualified to be Directors as provided in Section 3(a) of this Article shall 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 (b) of this Article, filed at the principal office of the Association not later than sixty (60) days prior to the annual meeting, which written nomination and statement of economic interest shall promptly be delivered to the Manager of the Association. Such nominations shall be immediately posted on the Association bulletin board by the Secretary of the Association. A candidate may withdraw by giving written notice to the Secretary of the Association not less than twenty (20) days prior to the annual meeting or the date the first written ballot is mailed or distributed.
- ~~f.~~ e. The notice of the annual meeting of ~~members~~ 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~~ approved by the ~~Nominating Committee~~ Board of Directors.
- ~~g.~~ f. 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 ~~of the Association~~. Each ~~voting member~~ Member entitled to cast votes 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~~ The candidates receiving the highest number of votes by means of a mail-in ballot at which a quorum casts a ballot shall be elected. In the event of a tie for the last remaining vacancy the tie shall be certified by the inspectors to determined by a coin toss between the tying candidates. Within 15 days of the election, the Secretary; ~~provided, however, those candidates receiving the highest number of votes shall serve the full terms and of the others elected shall fill the remaining terms thereof. The Secretary~~ Association 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~~g. A vacancy in the Board of Directors shall exist upon the death, resignation (including, without limitation, pursuant to subsection (~~j~~h) of this Section 4) or removal of a Director.
- ~~j~~h. If any member of the Board of Directors shall fail to maintain current, on at least an annual basis, the ~~Statement~~ statement of ~~Economic Interest provided by paragraph (b) of economic interest referred to in~~ Section 3(~~b~~) of ~~this~~ 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.
- ~~ki~~. Vacancies in the Board of Directors, whether created by the removal of a Director by the ~~members~~ Members or otherwise, shall be filled by appointment by a majority of the remaining Directors, although less than a quorum, at ~~a the~~ next regular meeting of the Board of Directors ~~that is held not less than thirty (30) at least twenty-one (21) 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.
- ~~h.~~ j. 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 of the~~ Association ~~and/or the~~ Manager may destroy, burn or otherwise dispose of said ballots and records without further authority or direction from the Board.
- ~~a.~~ m.k. For purposes of this subsection (~~m.k.~~), 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.~~ Members. During a campaign, if any candidate or ~~member~~ 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~~ Member so advocating a point of view, whether or not endorsed by the Board of Directors. The Association shall not edit or redact any content from such communications, but may include a statement specifying that the candidate or ~~member~~ 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~~ Association's mailing list of ~~members~~ Members pursuant to regulations adopted for such purpose.

Section 5. Meetings of Board of Directors.

- ~~b.a.~~ a. Meetings of the Board of Directors shall be held at the principal office of the Association, unless otherwise ~~provided~~ determined by the Board.
- ~~e.b.~~ b. The Board of Directors shall meet ~~regularly~~ at least once each month on the 1st ~~and 3rd~~ Thursday of each month, at 9:00 a.m., ~~Notice of or at~~ such ~~meeting shall be posted pursuant to the California Davis-Stirling Common Interest Development Act,~~ other date and time as ~~amended.~~ may otherwise be determined by the Board.
- ~~d.c.~~ c. Special meetings of the Board of Directors shall be called by the President of the Association, or by a majority of the Board, by directing the Secretary of the Association to issue a call for such meeting. Thereupon, the Secretary shall notify each Board member either personally, ~~or~~ or by telephone at least forty-eight (48) hours, or by

mail at least ~~twenty-four (24) hours~~ 4) days, 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.

~~e.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.

~~f.e.~~ At the request of any member of the Board of Directors, the Secretary shall record the vote of each Director upon any motion.

~~g.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 President Pro Tem~~ appointed from the Directors present as provided in Section 4 of Article V of these Bylaws. The Secretary of the Association shall act as Secretary of the Board and shall prepare and maintain written minutes for each meeting; provided, however, that in the absence of the Secretary, the presiding officer shall appoint an individual to act as Secretary of the meeting. The minutes, minutes proposed for adoption that are marked to indicate draft status, or summary of the minutes of each Board meeting, other than an executive session, shall be available to Members within thirty (30) days of the meeting.

~~h.g.~~ _____ All meetings of the Board of Directors, except emergency meetings, shall be noticed and (except for executive sessions) open to Association members; all Members. Notice of meetings shall be posted, as provided, however, the presiding officer may, at a duly held meeting of the Board, declare a closed meeting in Sections 4045 and 4920 of the Board known as Executive Session, to consider only such matters as may be permitted pursuant to the California Davis-Stirling Common Interest Development Act, as amended, to be considered in Executive Session or successor statute, not less than four (4) days prior to the date of the meeting for open sessions or two (2) days prior to the date of the meeting for executive sessions. Such notice shall contain an agenda. The Association only subjects that may be taken up in executive session are those permitted by Section 4935 of the Davis-Stirling Act, or successor statute. The Manager shall attend all Executive Sessions 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.

~~i.h.~~ Members of the Board of Directors shall conduct themselves in accordance with a Conflict of Interest and Ethics Code, (the "Ethics Code"), which the Board shall adopt. ~~Such~~ The Ethics 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 as reported in the filings

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 Ethics 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 (3) past presidents of the Association who are not ~~currently serving on~~ current members of 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'~~ Directors' meeting to meet again at another time or place. In the event a meeting of the Board of Directors is adjourned for more ~~that~~ 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~~ members participating 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 mailed by first class mail, postage prepaid, to all ~~members of the Association~~ Members. If during such thirty (30) day period there shall be presented to the Secretary of the Association a petition signed by not less than one hundred (100) ~~voting members of the Association~~ Members 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 as the~~ Members in the manner prescribed by 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 have first ~~(i) have, in addition to any Member approval required by the Rancho Santa Fe Protective Covenant,~~ (i) received the written advice of the Rancho Santa Fe Art Jury thereon; and (ii) ~~have~~ had a hearing thereon at which ~~Association members~~ 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~~ at least four (4) members of the Board of Directors.
4. 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~~ 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~~ four (4) 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~~filed 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~~mailed by first class mail, postage prepaid, to all ~~members of the Association~~Members. 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~~Members 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~~Members in the manner prescribed in ~~these~~Bylaws ~~for special meetings~~, . During the periods referred to above, the Board and/or by written ballot as provided in the California Corporation Codethe Association shall not consummate the transaction and shall notify affected third parties of the provisions contained herein.

3. With respect to any other real property, ~~with the exception of other than~~ that described in ~~the foregoing paragraph~~subparagraph (2) of this Section 6(c), no such approval given by the Board of Directors for any annexation shall become effective until thirty-five (35) days written notice of such approval has been mailed by first class mail, postage prepaid, to all Members and unless ~~an~~and until approved by ~~a majority of the members of the~~Members in the manner prescribed in these Bylaws. During the periods referred to above, the Board and/or 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~~shall not consummate the transaction and shall notify affected third parties of the provisions contained herein.

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 written notice of~~ such approval was given, by any one of the following methods: (i) notice mailed to each member has been mailed 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,~~ to all Members. If during such thirty (30) day period there shall be presented to the Secretary ~~a~~ petition signed by not less than one hundred (100) ~~voting members of the Association~~ Members 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.~~ the Members in the manner 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.

- e. Regulations may be adopted, amended or repealed after a hearing thereon conducted by the Board of Directors at which ~~Association members~~ 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, containing the text of the proposed change, a description of the purpose and effect of the proposed rule change and a hearing date, to be ~~personally delivered or~~ mailed by first class mail, postage prepaid, to each ~~voting member of the proposed regulation (or amendment or repeal thereof) and the hearing thereon~~ Member not less than ~~fifteen (15)~~ thirty (30) days prior to the hearing date. ~~Any such regulation (or amendment or repeal thereof)~~ As soon as possible after taking any action described herein, but not more than fifteen (15) days thereafter, the Board shall have full force and effect immediately upon being so adopted. deliver general notice of the action taken in the manner provided in Section 4045 of the Davis-Stirling Act, or successor statute.
- 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.~~

- f. The Association shall distribute an annual budget report thirty (30) to ninety (90) days before the end of its fiscal year. The annual budget report shall include all of the following information: (1) a *pro forma* operating budget, (2) a summary of the Association's reserves, prepared pursuant to Section 5565 of the Davis-Stirling Act, or successor statute, (3) a summary of the reserve funding plan adopted by the Board of Directors (which summary shall include notice to the Members that the full reserve study plan is available upon request), (4) a statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repairs or replacement, (5) a statement as to whether the Board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any major component or to provide adequate reserves therefore (including the estimated amount, commencement date, and duration of the assessment), (6) a statement as to the mechanism or mechanism by which the Board will fund reserves, (7) a general statement addressing the procedures used for the calculation and establishment of those reserves, (8) a statement as to whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment and when the loan is scheduled to be retired, (9) a summary of the Association's property, general liability, earthquake, flood and fidelity insurance policies, including the name of the insurer, the type of insurance, the policy limit and the amount of the deductible if any, all as more fully set forth in Section 5300 of the Davis-Stirling Act, or successor statute.
- e.g. The Board of Directors shall cause to be prepared and distributed to all ~~members, within~~ Members, no more than 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; or successor statute, and (v) for any fiscal year in which the gross income to the Association (including all regular and special assessments levied upon all ~~members~~ 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~~ 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~~ reasonably 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~~ Member, the Board of Directors shall promptly cause the most recent annual report to be sent to the requesting ~~member~~ 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.~~
- h. Not less than thirty (30) nor more than ninety (90) days before the end of the Association's fiscal year, The Board of Directors shall distribute an annual policy statement that includes all of the following information: (1) the name and address of the person designated to receive official communications to the Association pursuant to Section 4035 of the Davis-Stirling Act, or successor statute, (2) a statement explaining that a Member may submit a request to have notices sent to two different specified addresses pursuant to Section 4040(b) of the Davis-Stirling Act, or successor statute, (3) the location, if any, designated for posting of a general notice pursuant to Section 4045(a)(3) of the Davis-Stirling Act, or successor statute, (4) notice of a Member's option to receive general notices by individual delivery pursuant to Section 4045(b) of the Davis-Stirling Act, or successor statute, (5) notice of a Member's right to receive copies of meeting minutes pursuant to Section 4950(b) of the Davis-Stirling Act, or successor statute, (6) the statement of assessment collection policies required by Section 5730 of the Davis-Stirling Act, or successor statute, (7) a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments, (8) a statement describing the Association's discipline policy, including any schedule of penalties for violations of the governing documents, (9) a summary of dispute resolution procedures pursuant to Sections 5920 and 5965 of the Davis-Stirling Act, or successor statute, (10) a summary of requirements for Association approval of a physical change to property, (11) the mailing address for overnight payment of assessments pursuant to Section 5655 of the Davis-Stirling Act, or

successor statute and (12) any other information required by law or other provisions of the governing documents or that the Board determines to be appropriate for inclusion. The Association may either provide the full report or a summary of the report which complies with Section 5320(a) of the Davis-Stirling Act, or successor statute.

- i. Absent prior ~~authorization~~ approval by a majority of all the Members voting ~~members pursuant to written~~ by means of a mail-in ballot as prescribed in these Bylaws, 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~~ Section, a "self-dealing contract" is any contract or transaction (i) between the Association and one or more of its Directors of the Association, or between the Association and any corporation, firm or association in which one or more of ~~its~~ the Directors of the Association has a material financial interest, or (ii) between the Association and a corporation, firm or association of which one or more of its ~~Directors~~ directors are also a Director or Directors of the Association. Pursuant to Section 7233 of the California ~~Nonprofit Corporation Law~~ Corporations Code, or successor statute, 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 of Directors which authorizes, approves or ratifies the self-dealing contract, if:

- a. All material facts are fully disclosed to or otherwise known by the ~~members~~ Members and the self-dealing contract is approved ~~by the members~~ in good faith by as the Members in the manner prescribed in these Bylaws (without including the vote of any ~~membership-owned-by~~ Member owning of record a Building Site at which any such ~~interested Director(s); or resides~~);
- 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 by at least the same vote the contract is just and reasonable at the time it is authorized, approved or ratified; or
- c. ~~The~~As to self-dealing contracts not authorized, affirmed, approved or ratified as provided above, 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~~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~~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~~has ceased to meet

the ~~provisions of qualifications to be a Director as provided in Section 3(b) of this 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 of the Association 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 by the Members 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~~ Members in 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 manner prescribed in these Bylaws.
- c. A reduction in the number of authorized Directors shall not remove any Director prior to the expiration of such ~~Director's~~ 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~~ 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~~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~~Members, with the name and address of each ~~member~~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 of these Bylaws.

Section 10. Building Commissioner.

- a. There is created the office of Building Commissioner, with such powers as are authorized by the Articles of Incorporation of the Association, 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~~ Commissioner's duties.

ARTICLE VI ASSOCIATION COMMITTEES

~~Section 1. Committees Of Members.~~

~~The Board of Directors may establish committees of members in goodstanding 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.~~

Section 1. Committees.

The Board of Directors may establish committees of two (2) or more individuals (which may include no more than three (3) Directors) who are residents at a Building Site (other than as a lessee, employee or houseguest) and are at least (18) eighteen years old to serve at the pleasure of the Board to provide the Board with advice and counsel regarding such 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 procedures to be followed by such committee as to, among other matters, any requirement to conduct open meetings or prepare minutes, and the Board shall monitor the performance of each such committee. The Board may appoint one or more individuals as alternate members of any such committee, who may replace any absent member at any meeting. All committees shall be under the direct supervision and subject to control of the Board of Directors. No committee shall have any authority of the Board.

~~Section 2. **Committees of the Board.**~~

~~The Board of Directors, by resolution adopted by a majority of the directors then in office, may create one or more committees, each consisting of three directors and no one who is not a director, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the authorized number of directors. The Board may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, the extent provided in the board resolution, except that no committee may do the following:~~

- ~~(a) — Take any final action on any matter which, under the California Nonprofit Mutual Benefit Corporation Law, requires approval of the members or of a majority of all members;~~
- ~~(b) — Fill vacancies on the Board or in any committee of the Board;~~
- ~~(c) — Establish compensation for Directors serving on the Board or any committee of the Board.~~
- ~~(d) — Amend or repeal Bylaws or adopt new Bylaws;~~
- ~~(e) — Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;~~
- ~~(f) — Create any other committees of the Board or appoint the members of committees of the Board;~~
- ~~(g) — Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected; or~~
- ~~(h) — With respect to any assets held in charitable trust, approve any contract or transaction between the Association and one or more of its directors or between the Association and an entity in which one or more of its directors have a material financial interest, subject to the approval provisions of Corporations Code §5233(d)(3).~~

Section 2. **Audit/Finance Committee.**

The Board of Directors shall establish an Audit/Finance Committee consisting of seven (7) members, one of whom shall be the Treasurer of the Association, and one of whom shall be the Treasurer of the Rancho Santa Fe Golf Club. The remaining five (5) members shall be appointed by the Board. The Board shall establish a charter for the Audit/Finance Committee to provide the Board with advice and counsel regarding such

matters as identified in the charter and as otherwise delegated to the Audit/Finance Committee by the Board.

Meetings and actions of the Audit/Finance Committee shall be governed by, and held and taken in accordance with, the provisions of Section 5 of Article IV of these Bylaws, concerning meetings of the Board of Directors, with such changes in the context of said section as are necessary to substitute the Committee and its members for the Board and its members, except that the time for regular meetings of the Committee may be determined either by the Board or the Committee. Special meetings of the Committee may also be called by any member of the Board, the Committee or the Committee chair. Minutes shall be kept of each meeting of the Committee and shall be filed with the corporate records.

~~Section 3. Meetings and Actions of Committees.~~

~~Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Section 5 of Article IV of these Bylaws, concerning meetings of Directors, with such changes in the context of said section as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws. Secti~~

Section 3. Compensation Committee.

The Board of Directors shall establish a Compensation Committee consisting of three (3) Directors, one of whom shall be the Treasurer of the Association, and shall establish a charter for the Compensation Committee to provide for the review of the compensation and performance of the non-Director officers and senior staff of the Association as identified in such charter and such other matters as the charter may provide and as otherwise delegated to the Compensation Committee by the Board.

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~~ No Member shall receive such appointment.

Section 3. Removal of Manager.

The Board of Directors may remove the Manager at any time by the 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, the Articles of Incorporation of the Association, these Bylaws, employment contracts, or law; provided, however, the Manager may authorize the head of a department to appoint, suspend, or remove subordinates in such department, except as otherwise provided as aforesaid. No resident at a Building Site and no family member of the Association such resident may be a full or part-time, paid employee of the Association unless otherwise approved by the Board of Directors.
- 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. Prepare and distribute an annual Policy Statement as required by Section 6(h) of Article IV of these Bylaws.
- ~~a.e.~~ 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.

- ~~b.f.~~ 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.
- ~~e.g.~~ 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.
- ~~d.h.~~ Consolidate or combine positions, departments, or units under the Manager's jurisdiction, with the approval of the Board of Directors.
- ~~e.i.~~ Attend all meetings of the Board of Directors unless excused therefrom, 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.
- ~~f.j.~~ 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.
- ~~g.k.~~ See that the provisions of the Rancho Santa Fe Protective Covenant, the Articles of Incorporation of the Association, these Bylaws, and all rules, regulations and resolutions of the Board of Directors and all laws are duly enforced.
- ~~h.l.~~ 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.
- ~~i.m.~~ Devote full time to the discharge of the Manger's duties.

Section 5. Control of Personnel.

Except for the purpose of inquiry, or the Board obtaining of Directors and its members documents permitted or required to be provided under Section 5 of Article IX of these Bylaws, Members shall deal with ~~the~~

Association personnel solely through the Manager, and ~~neither the Board nor any member thereof~~ shall not give orders to any subordinates of the Manager, either publicly or privately, ~~neither the Board nor any of its members~~. Directors may request information and direct staff, with notification to the Manager, when necessary to discharge their fiduciary responsibility under law. Neither a Director nor Member shall request or direct the Manager to appoint or remove any ~~person~~employee of the Association.

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~~California Corporations Code, or successor statute.

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 financially 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~~ counter-signed by the President, unless otherwise directed by resolution of the Board of Directors as provided in Section 1 ~~hereto~~ of this Article IX of these Bylaws.

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.~~

Section 5. Documents and Records

Members shall be entitled to inspect or obtain Association documents and records as provided by law and as provided by Resolution 2015-109 approved September 15, 2015, as from time to time amended, or any successor resolution.

ARTICLE X NOTICES

Section 1. Mailing.

~~All~~Unless otherwise provided in these Bylaws, notices required under these Bylaws to be given to ~~members~~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.~~Members in the manner prescribed in 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~~Members, or to adopt any bylaw repealed by the ~~members of the Association~~Members.

Section 2. By Board of Directors.

Subject to the right of ~~Association members~~the Members to adopt, amend, or repeal bylaws, and except as provided in Section 1 of this Article XI, 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~~Members as to voting, dissolution, redemption, or transfer;
- b. Increase or decrease the number of ~~members~~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~~Members shall have the right to speak, after written notice of the proposed action and the hearing thereon ~~is given~~has been mailed by first class mailed, postage prepaid, to ~~the members of the Association at least~~all Members not less than fifteen (15) days before such hearing; provided, however, that whenever a bylaw requires for Board action the affirmative vote of ~~more than a large proportion~~majority vote of the ~~Board than~~Directors at which a quorum is ~~otherwise required~~present, 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~~ and ~~Bylaws~~ Kept.

The original or copy of Articles of Incorporation of the Association and these Bylaws, each 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.~~

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
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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
February	2011
May 2014 (article VI)	