

**BYLAWS
OF
LAKE FOREST - SUMMIT OWNERS ASSOCIATION
AS AMENDED ON JUNE 12, 2014**

ARTICLE 1. NAME AND LOCATION.

The name of the association is LAKE FOREST - SUMMIT OWNERS ASSOCIATION, hereinafter referred to as the “association.” The principal office of the association shall be located at The Summit development project in El Dorado County, California, but meetings may be held at such places within the State of California, as may be designated by the board of directors in accordance with the provisions of these bylaws.

ARTICLE 2. DEFINITIONS.

2.01. The “association” shall mean and refer to LAKE FOREST - SUMMIT OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation, its successors and assigns.

2.02. The “common area” shall mean and refer to all that portion of the property which is owned by the association for the common use and enjoyment of the owners.

2.03. The “declarant” shall mean and refer to SOUTHFORK PARTNERSHIP, a California general partnership, the owner of the property at the time the declaration was made.

2.04. The “declaration” shall mean and refer to the declaration of covenants, conditions and restrictions applicable to the properties in the Office of the County Recorder in El Dorado County, California.

2.05. A “lot” shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties, with the exception of the common area.

2.06. A “member” shall mean and refer to a person entitled to membership as provided in the declaration. Membership shall be appurtenant to, and be transferred together with, each lot within the properties.

2.07. An “owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is part of the properties. If a lot is subject to a recorded Land Sale Installment Contract, “owner” shall mean and refer to the contract vendee. “Owner” shall exclude those holding any such interest merely as security for the performance of an obligation.

2.08. The “property” or “properties” shall mean and refer to that certain real property described in the declaration of covenants, conditions and restrictions. The property is a “planned development” as defined in California Civil Code Section 4175.

ARTICLE 3. MEETINGS OF MEMBERS.

3.01. Place of Meeting. All meetings of members shall be held at a location within the properties or, if there is no suitable location within the properties, at the nearest available and appropriate meeting place, specified in the notice, calling the meeting. Unless unusual conditions exist, members meetings shall not be held outside of the county in which the properties are located.

3.02. Annual Meetings. Regular annual meetings of the members shall be held between May 1 and June 30 at a date and time to be determined by the Board of Directors.

3.03. Special Meetings. A special meeting of the members shall be promptly scheduled by the board in response to: (a) the vote of the board itself; or (b) the written request for a special meeting signed by members representing at least five percent (5%) of the total voting power of the members. If a special meeting is called by any such person(s) other than the board, the request shall be submitted by such person(s) in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or delivered by registered mail or sent by electronic transmission and confirmed with a delivery receipt to the chairman of the board, the president, any vice president or the secretary of the association. The officer receiving the request shall cause notice to be promptly given to the members entitled to vote, in accordance with the provisions of Section 3.04 that a meeting will be held, and the date for such meeting, which date shall be not less than thirty-five (35) nor more than ninety (90) days following the receipt of the request. If the notice is not given within the twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing or affecting the time when a meeting of members may be held when the meeting is called by action of the board of directors.

3.04. Notice of Meetings. All notices of meetings of members shall be sent or otherwise given in accordance with this section not less than ten (10) nor more than ninety (90) days before the date of the meeting. The notice shall specify the place, date and hour of the meeting, and (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted, or (b) in the case of the annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the members.

If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

- A. Removing a director without cause;
- B. Filling vacancies on the board of directors by the members;
- C. Amending the articles of incorporation;
- D. Approving a contract or transaction in which a director has a material financial interest; or
- E. Approving a plan of distribution of assets, other than cash, in liquidation when the corporation has more than one class of memberships outstanding.

Notice of any meeting of members shall be given either personally or by first class mail or sent by electronic transmission and confirmed with a delivery receipt addressed to each member either at the address of that member appearing on the books of the association or the physical address or electronic (e.g., email) address given by the member to the association for the purpose of notice. Personal delivery shall be deemed accomplished by delivery of the notice, without mailing through the U.S. Postal Service, to the address of the member appearing on the books of the association or given to the association for the purpose of notice. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by electronic transmission and confirmed with a delivery receipt.

An affidavit of the mailing or other means of giving any notice of any members' meeting may be executed by the secretary, assistant secretary, or any other party of the association giving the notice, and if so executed, shall be filed and maintained in the minute book of the association.

3.05. Quorum. The presence at a duly noticed meeting of members entitled to cast, or of proxies entitled to cast, twenty-five percent (25%) of the votes of the total voting power of the association shall constitute a quorum for any action except as otherwise provided in the articles of incorporation, the declaration or these bylaws. The members present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

3.06. Adjourned Meeting. If a quorum is not present or represented at any meeting, the members entitled to vote thereat shall have the power only to adjourn the meeting to another time not less than five (5) or more than thirty (30) days thereafter without notice other than announcement at the meeting. The quorum for the adjourned meeting shall also be twenty-five (25%) of the votes of the total voting power of the association. If a time and place for the adjourned meeting is not fixed and announced at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings.

3.07. Voting. Persons entitled to vote at any meeting of members shall be members as of the date determined in accordance with Section 3.10. Voting shall be by secret written ballot.

Those candidates receiving the highest number of votes, up to the number of directors to be elected, shall be winners of the election. The names of all candidates must be placed in nomination before voting commences.

If a quorum is present, the affirmative vote of the majority of the members represented at the meeting, entitled to vote and voting on any matter (other than the election of directors), shall be the act of the members, unless the vote of a greater number or voting by classes is required by the articles of incorporation, the declaration or these bylaws.

3.08. Waiver of Notice or Consent by Absent Members. The transactions of any meeting of members, either annual or special, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of members, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 3.04, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the association records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Also,

attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting, if that objection is expressly made at the meeting.

3.09. Action by Written Ballot Without a Meeting. Any action that may be taken at any annual or special meeting of members may be taken without a meeting and without prior notice if written ballots are received from a number of members at least equal to the quorum applicable to a meeting of members. All such written ballots shall be filed with the secretary of the association and maintained in the association records. All solicitations of ballots shall indicate the time by which the ballot must be returned to be counted.

3.10. Record Date for Member Notice, Voting and Giving Consents. For the purposes of determining which members are entitled to receive notice of any meeting, to vote, to give consent to association action without a meeting or to exercise any rights in respect of any lawful action, the board of directors may fix, in advance, a “record date,” which shall not be more than 30 nor fewer than 10 days before the date of any such meeting, nor more than 30 days before any such action without a meeting. Different record dates may be set for each of the different rights listed above. Only members of record on the date so fixed are entitled to notice, to vote, to give consents or to exercise any rights, as the case may be, notwithstanding any transfer of any membership on the books of the association after the record date, except as otherwise provided in the articles of incorporation or by agreement.

Unless fixed by the board of directors, the following record dates shall apply: (a) the record date for determining those members entitled to receive notice of a meeting of members shall be the next business day preceding the day on which notice is given, or, if notice is waived, the next business day preceding the day on which the meeting is held; (b) the record date for determining those members entitled to vote at a meeting of members shall be the day of the meeting; (c) the record date for determining those members entitled to vote by ballot on association action without a meeting shall be the day the first written ballot is mailed or solicited.

For purposes of the preceding paragraph, a person holding membership as of the close of business on the record date shall be deemed the member of record.

The determination of members entitled to notice or to vote shall apply to any adjournment of a meeting unless the board fixes a new record date for the adjourned meeting.

3.11. Proxies. Every person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the secretary of the association. A proxy shall be deemed signed if the member’s name is placed on the proxy (whether by manual signature, typewriting, electronic transmission, or otherwise) by the member or the member’s attorney in fact.

A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (a) revoked by the member executing it, before the vote cast pursuant to that proxy, by a writing or electronic transmission delivered to the association stating that the proxy is revoked or by a subsequent proxy executed by such member, or by personal attendance and voting at a meeting by such member, or (b) written notice of the death or incapacity of the maker of the proxy is received by the association before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3)

years from the date of execution. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the California Nonprofit Mutual Benefit Corporation Law.

A proxy is not revoked by the death or incapacity of the maker or the termination of a membership as a result thereof unless, before the vote is counted, written notice of the death or incapacity is received by the association.

3.12. Form of Proxy or Written Ballot. Any form of proxy or written ballot distributed by any person to the membership of the association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon. The proxy or written ballot shall provide that, where the member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person who is authorized to exercise the proxy and the length of time it will be valid.

In any election of directors, any form of proxy or written ballot that is marked by a member “withhold,” or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director. Failure to comply with this paragraph shall not invalidate any association election taken, but may be the basis for challenging the proxy at a meeting or written ballot and the Superior Court may compel compliance therewith at the suit of any member.

ARTICLE 4. ELECTION OF DIRECTORS.

4.01. Nominations and Solicitations for Votes. Any director or member may nominate candidates for directorships at least fifteen (15) days before the date of the election, and the secretary shall forward to each member, with the notice of the meeting required by Section 3.04, a list of candidates nominated. Any member present at a meeting where a director is to be elected may, in person or by proxy, place names in nomination for directorships.

If more people are nominated for the board than can be elected, the election shall take place by means of a procedure that allows all nominees a reasonable opportunity to solicit votes, and allows all members a reasonable opportunity to choose among nominees.

4.02. Use of Association Funds to Support Nominee. No association funds may be expended in support of a nominee for director.

4.03. Vote Required to Elect Director. Candidates receiving the highest number of votes shall be elected as directors.

4.04. Extension of Terms in Absence of Quorum. In the event that a quorum is not achieved and a vote does not occur, the terms of the board members will be extended until such time as a quorum is achieved and a new election occurs.

ARTICLE 5. DIRECTORS.

5.01. Powers and Duties. Subject to any limitations in the articles of incorporation, the declaration and these bylaws relating to action required to be approved by the members, the business and affairs of the association shall be managed, and all corporate powers shall be exercised, by or under the direction of the board of directors.

A. Specific Powers. Without prejudice to their general powers, and subject to the same limitations, the directors shall have the power to:

(1) Adopt and publish rules and regulations governing the use of the common area and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

(2) Impose a monetary penalty and/or suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the association, or during any period in which such member is guilty of an infraction of published rules and regulations. At least fifteen (15) days prior to the effective date of any discipline, written notice must be hand delivered or mailed by first class mail or sent by electronic transmission and confirmed with a delivery receipt to the member at his last address as shown by the association's records. The notice shall recite the nature of any discipline to be imposed, the reasons therefor, and the date, time and place at which the member may be heard by the board, either orally or in writing, regarding the propriety of the infraction and the discipline. The hearing may be held at any regular or special meeting of the board, but shall not be held less than five (5) days prior to the proposed effective date of the discipline.

(3) Exercise for the association all powers, duties and authority vested in or delegated to this association and not reserved to the membership by other provisions of these bylaws, the articles of incorporation or the declaration.

B. Duties. It shall be the duty of the board of directors to:

(1) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting prior to which such statement has been requested in writing by one-fourth of the members other than the declarant who are entitled to vote;

(2) Supervise all officers, agents and employees of the association, and to see that their duties are properly performed;

(3) As more fully provided in the declaration, to: (a) fix the amount of the annual assessment against each lot at least sixty (60) days in advance of each annual assessment period; (b) send written notice of each assessment to every owner subject thereto as required by the declaration; and (c) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the date a notice of delinquent assessment is recorded or to bring action at law against the owner personally obligated to pay the same;

(4) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive proof of such payment;

(5) Procure and maintain liability and hazard insurance on the common area and improvements within the properties, as more fully provided in the declaration;

(6) Cause all officers or employees having fiscal responsibility to be bonded, as it may deem appropriate;

(7) Cause the common area to be maintained as more specifically provided in the declaration and for the purpose of maintaining the appearance of the properties; and

(8) Cause the association to pay all taxes and assessments which could become a lien on the common area.

(9) Not less frequently than quarterly, do the following: (a) cause a current reconciliation of the association's operating accounts to be made and review the same; (b) cause a current reconciliation of the association's reserve accounts to be made and

review the same; (c) review the current year's actual reserve revenues and expenses compared to the current year's budget; (d) review the most current account statements prepared by the financial institution where the association has its operating and reserve accounts; and (e) review an income and expense statement for the association's operating and reserve accounts.

5.02. Number and Qualification of Directors. There shall be five (5) directors each of whom shall be a member of the association in good standing.

5.03. Election and Term of Office of Directors. Each director shall be elected for a term of two years. Terms shall be staggered so that two of the directors stand for election one year and three of the directors stand for election the next year. Each director, including a director elected to fill a vacancy, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

5.04. Removal of Director. Subject to the restrictions stated hereinbelow, any or all directors may be removed without cause if such removal is approved by a vote of the members; provided, however, if the association has fewer than fifty (50) members, such removal must be approved by the majority of all members. If a director is removed, his successor shall be elected at a special meeting of the members, and the provisions set forth in Sections 4.01 through 4.03 shall apply. Any votes taken with respect to removal of any director(s) shall be by secret written ballot.

5.05. Vacancies. A vacancy or vacancies in the board of directors shall be deemed to exist on the occurrence of the following: (a) the death, resignation or removal of any director; (b) the declaration by resolution of the board of directors of a vacancy of the office of a director who has been declared of unsound mind by an order of court or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under Section 7230 and following of the California Mutual Benefit Nonprofit Corporation Law; (c) the increase of the authorized number of directors; or (d) the failure of the members, at any meeting of members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

Except as provided in this paragraph, any director may resign, which resignation shall be effective on giving written notice to the chairman of the board, the president, the secretary or the board of directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the board of directors may elect a successor to take office when the resignation becomes effective. The board shall have the power to fill any vacancy on the board, except for vacancies attributable to removal of a director. The members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors, but any such election by written consent shall require the consent of a majority of the voting power. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

5.06. Action Challenging Appointment or Removal of Director. An action challenging the validity of any election, appointment or removal of a director or directors must be commenced within nine (9) months after the election, appointment or removal. If no such action is commenced, in the absence of fraud, election, appointment or removal of a director is conclusively presumed valid nine (9) months thereafter if the only defect in the election, appointment or removal is the failure to give notice as provided in this part or in the association's articles or bylaws.

5.07. Place of Meetings; Meetings by Telephone. Regular meetings of the board of directors shall be held at a time and at a meeting place designated from time to time by

resolution of the board. The meeting place shall ordinarily be within the properties unless, in the judgment of the governing body, a larger meeting room is required than exists within the properties. In this latter case, the meeting room selected shall be as close as possible to the properties. Special meetings of the board shall be held at such place within the properties designated in the notice of the meeting. In case of emergency, any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting. If the board resolves to take action at any telephone meeting, a written explanation of the action taken shall be posted at a prominent place or places within the common area within three (3) days after such meeting.

5.08. Regular Meetings. Regular meetings of the board of directors shall be held at least monthly at such hour as may be fixed from time to time by resolution of the board and notice of the time and place thereof shall be communicated to the directors and posted at a prominent place within the common area and communicated to the directors at least four (4) days before the time of the meeting. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. The notice shall also specify the nature of any special business to be transacted at the meeting.

5.09. Special Meetings. Special meetings of the board of directors shall be held when called by the president of the association or by any three directors. Notice of the time and place of special meetings shall be given to each director by one of the following methods: (a) by personal delivery of written notice; (b) by first class mail, postage paid; (c) by telephone communication, either directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director; or (d) by electronic transmission confirmed with a delivery receipt. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the association. Such notice shall also be posted at a prominent place within the common area. Notices sent by first class mail shall be deposited into a United States mail box at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or electronic transmission shall be delivered, telephoned or sent at least forty-eight (48) hours before the time set for the meeting. The notice which is to be posted in the common area must be posted at least seventy-two (72) hours before the time of the meeting. The above notices shall specify the purpose of the special meeting. Written notice of a meeting need not be given to any director who signs a waiver of notice or a written consent with respect to the holding of such meetings.

5.10. Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 5.11. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

5.11. Participation of Members. Regular and special meetings of the board of directors shall be open to all members, but members who are not directors may participate in deliberation and discussion only if expressly authorized by a vote of the board. When approved by a majority of a quorum of the directors, the board may adjourn

a meeting and reconvene in executive session to discuss and vote on such matters as personnel, litigation and related business, provided the nature of those matters has first been announced in open session. Alternatively, the board may hold the executive session in advance of the regular meeting as long as it describes the nature of the matters discussed during the regular meeting.

5.12. Waiver of Notice. The transactions of any meeting of the board of directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the association records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

5.13. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place within the properties.

5.14. Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given to directors who were present at the meeting when the time and place of the adjourned meeting was fixed. Personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

5.15. Action Without Meeting. Any action required or permitted to be taken by the board of directors may be taken without a meeting if all members of the board, individually or collectively, consent in writing or by electronic transmission to that action. Such action by written or electronically transmitted consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent or consents, or copies of consent or consents by electronic transmission, shall be filed with the minutes of the proceedings of the board. If the board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the common area or on the website maintained by the association within three days after the written consents of all board members have been obtained.

5.16. Compensation. No director or officer shall receive compensation for any service he may render to the association. However, any director or officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE 6. COMMITTEES.

6.01. Committees. The board of directors may appoint one or more committees, however composed, for any purpose related to the purposes or obligations of the association.

6.02. Committees of Directors. The board of directors may, by resolution adopted by a majority of the directors then in-office, designate one or more committees, each consisting of three or more directors, to serve at the pleasure of the board. Any committee so composed may, to the extent provided in the resolution of the board, have all the authority of the board, except that no committee, regardless of its composition or board resolution, may

- A. Take any final action on matters which, under the Nonprofit Mutual Benefit Corporation Law of California, also requires members' approval;
- B. Fill vacancies on the board of directors or in any committee;
- C. Amend or repeal bylaws or adopt new bylaws;
- D. Amend or repeal any resolution of the board of directors which by its express terms is not so amendable or repealable;
- E. Appoint any other committees of the board of directors or the members of these committees; or
- F. Approve any transaction (1) to which the association is a party and one or more directors have a material financial interest, or (2) between the association and one or more of its directors or between the association or any person in which one or more of its directors have a material financial interest.

6.03. Meetings and Action of Committees. Meetings and actions of all committees composed of board members shall be governed by, and held and taken in accordance with, the applicable provisions of Sections 5.07 through 5.15 of these bylaws, concerning meetings of directors and director action without a meeting. Such changes in the context of these bylaws shall be made as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the board of directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the association records. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE 7. OFFICERS AND THEIR DUTIES.

7.01. Officers. The officers of this association shall be a president and a vice president, who shall at all times be members of the board of directors, a secretary and a chief financial officer, and such other officers as the board may from time to time by resolution create. The officers shall be elected by the board.

7.02. Election. The election of officers shall take place at the first meeting of the board of directors following each annual meeting of the members.

7.03. Term. Each officer of this association shall be elected annually by the board and each shall hold office for one (1) year, unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

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

7.05. Resignation and Removal. Any officer may be removed from office with or without cause by the board. Any officer may resign at any time by giving written notice to the board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

7.06. Vacancies. A vacancy in any office may be filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

7.07. Multiple Offices. The offices of secretary and chief financial officer may be held by the same person. No personnel shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 7.04 of this Article.

7.08. Duties. The duties of the officers are as follows:

President: The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall cosign all checks and promissory notes.

Vice President: The vice president shall act in the place and stead of the president in the event of his absence, inability to act or refusal to act to carry out any resolution of the board, and shall exercise and discharge such other duties as may be required of him by the board.

Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the members; serve notice of meetings of the board and of the members; keep appropriate current records showing the members of the association together with their addresses, and shall perform such other duties as required by the board.

Chief Financial Officer: The chief financial officer shall receive and deposit in appropriate bank accounts all monies of the association and shall disburse such funds as directed by resolution of the board of directors; shall sign all checks and promissory notes of the association; keep proper books of account; and prepare or cause to be prepared the following financial statements and related information:

A. A budget for each fiscal year consisting of at least the following information which shall be distributed not less than forty-five (45) days and not more than sixty (60) days prior to the beginning of the fiscal year:

- (1) Estimated revenue and expenses on an accrual basis;
- (2) The amount of the total cash reserves of the association currently available for replacement or major repair of common facilities and for contingencies;
- (3) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to, major components of the common areas and facilities for which the association is responsible; and
- (4) A general statement setting forth the procedures used by the board of directors in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the association is responsible.

B. A balance sheet (as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale to an owner) and an operating statement for the period from the date of the first closing to the said accounting date which shall be distributed within sixty (60) days after the accounting date. The operating statement shall include a schedule of assessments received and receivable identified by the number of the residence lot or unit and the name of the owner.

C. A report consisting of a balance sheet as of the last day of the association's fiscal year, an operating statement for said fiscal year, and a statement of changes in

financial position for the fiscal year shall be distributed within one hundred and twenty (120) days after the close of the fiscal year.

D. For any fiscal year in which the gross income to the association exceeds SEVENTY-FIVE THOUSAND DOLLARS (\$75,000), a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. If such report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the association that the statement was prepared from the books and records of the association without independent audit or review.

E. In addition to financial statements, the board of directors shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members' subdivision interests.

ARTICLE 8. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS.

8.01. Indemnification. This association shall indemnify any person who is or was a director, officer, employer or other agent of this association to the fullest extent permitted by Section 7237 of the California Corporations Code as from time to time amended.

8.02. Insurance. The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this association would have the power to indemnify the agent against that liability under the provisions of this section.

ARTICLE 9. RECORDS AND REPORTS.

9.01. Inspection Rights. The association shall keep at its principal office the original or a copy of the current membership register, including mailing addresses and telephone numbers, articles and bylaws as amended to date, which shall be open to inspection by the members. The accounting books, records and minutes of proceedings of the members and the board of directors and any committee(s) of the board of directors shall be kept at such place or places designated by the board of directors, or, in the absence of such designation, at the principal executive office of the association. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed or printed form. The membership register, minutes and accounting books and records shall be open to inspection for a purpose reasonably related to the member's interests as a member. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

9.02. Inspection Rules. The board of directors shall establish reasonable rules with respect to: (a) notice to be given to the custodian of the records by a member desiring to make inspection; (b) hours and days of the week when inspection may be made; and (c) payment of the cost of reproducing copies of any documents requested by a member.

9.03. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the

physical properties of the association and each of its subsidiary associations. This inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

ARTICLE 10. ASSESSMENT.

As more fully provided in the declaration, each member is obligated to pay to the association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. The delinquency dates, late charges and procedures for enforcement of assessment liens shall be as provided in the declaration. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse or abandonment of his residence or the common area.

ARTICLE 11. RESERVE ACCOUNTS.

Withdrawal of funds from the association's reserve accounts shall require the signatures of at least two (2) people who shall either be members of the board of directors or one (1) member of the board of directors and one (1) officer who is not a member of the board. For all purposes herein, "reserve accounts" shall mean money that the association's board of directors has identified from its annual budget for use to defray the future repair of, replacement of, or additions to those major components that the association is obligated to maintain.

ARTICLE 12. AMENDMENTS.

These bylaws may be amended at a regular or special meeting in which a quorum of the members participates, by a majority vote.

ARTICLE 13. CONFLICTS.

In the case of any conflict between the articles of incorporation and these bylaws, the articles shall control; and in the case of any conflict between the declaration and these bylaws, the declaration shall control.

ARTICLE 14. CONSTRUCTION AND DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes the corporation and a natural person.

ARTICLE 15. MISCELLANEOUS.

The regular fiscal year of the association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date when the articles of incorporation are filed with the Secretary of State.

IN WITNESS WHEREOF, we, being all of the directors of LAKE FOREST -
SUMMIT OWNERS ASSOCIATION, have hereunto set our hands this 12th day of June,
2014.

Brian Provencal, President

Doug Harvey, Vice-President

Joan Poimiroo, Secretary

Helen Austin, Treasurer

Will Overholtzer, Member At Large