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**BYLAWS**

**OF**

**COASTLANDS TOWNHOMES**

**A California Nonprofit Mutual Benefit Corporation**

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**BYLAWS  
OF  
COASTLANDS TOWNHOMES**

**A California Nonprofit Mutual Benefit Corporation**

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**ARTICLE I**

**Name of the Association**

The name of the Association is **Coastlands Townhomes** ("Association").

**ARTICLE II**

**Introduction**

**2.01 Incorporation of Definitions**

The definitions contained in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements and any amendments thereto ("Declaration") recorded in this Project are applicable to the same terms used in these Bylaws.

**ARTICLE III**

**Meetings and Actions of Members**

**3.01 Annual and Special Meetings of Members**

- (a) The regular annual meeting ("Annual Meeting") of Members shall be held annually within thirty (30) days of the same date as the initial meeting, but not on a legal holiday. The Board shall decide the date and time.
- (b) The first Annual Meeting must be held within six (6) months after the closing of the First Close of Escrow of a Condominium authorized for sale in the DRE Final Subdivision Public Report.
- (c) At the Annual Meetings, Members shall elect a Board of Directors in accordance with these Bylaws and transact other Association business, as required.

- (d) Special meetings of the Members ("Special Meeting") may be scheduled at any time upon a majority vote of the Board of Directors, or the Board President, or upon written request by the Members representing five percent (5%) of the Total Voting Power of the Association. Special Meetings shall be held pursuant to Corporations Code Section 7510.

### **3.02 Notice of Meetings**

- (a) Notice of meetings (Annual Meeting or Special Meeting) shall be given in compliance with Corporations Code Section 7511.
- (b) Meeting notices shall be given pursuant to the methods set forth in Civil Code Section 4040, 4045, and 4050.

### **3.03 Record Date**

The "record date" for determining the Members entitled to notice and to vote shall be determined in compliance with Corporations Code Section 7611.

### **3.04 Quorum**

- (a) The presence, in person, by attorney in fact, or by the casting of a ballot received by the inspector(s) of election, of Members entitled to cast at least fifty percent (50%) of the Total Voting Power of the Association constitutes a Quorum for all Member meetings (except as otherwise specifically provided in these Bylaws or the Declaration).
- (b) Once a Quorum has been established at a meeting, Members may do business until adjournment, even if attendance becomes less than the Quorum amount during the course of the meeting, and as long as any action taken is approved by at least a majority of the Members required to constitute a Quorum.
- (c) Whether or not a Quorum is present, a majority of Members present may adjourn the meeting until a date not less than five (5) or more than thirty (30) days from the original meeting date. Notice of the adjourned meeting shall be given in the same manner as for a Special Meeting. If the meeting is adjourned because of the absence of a Quorum, then the Quorum requirement for the rescheduled meeting shall be twenty-five (25%) of the Total Voting Power.

### **3.05 Conduct of Meetings**

Pursuant to Civil Code section 5000, Member meetings must be conducted in accordance with a recognized system of parliamentary procedures or any parliamentary procedures the Association may adopt.

**3.06 Electronic Meetings Under Corporations Code**

Pursuant to Section 4.05 of the Declaration entitled Consent to Electronic Meetings under Corporations Code, meetings of Members may be conducted entirely electronically, in accordance with Corporations Code Section 7510(f).

**3.07 Membership and Voting Rights**

The qualifications for voting and the voting power of each Membership set forth in the Declaration are incorporated herein by reference.

**3.08 Proxies Not Permitted**

Proxies may not be used by Members for voting on any matter, pursuant to Corporations Code Section 7613(a).

**3.09 Action Without a Meeting**

Any action may be taken by Members without a meeting if in compliance with Civil Code Section 5115 and Corporations Code Section 7513.

**ARTICLE IV**

**Provisional Board and Elections for Directors**

**4.01 Provisional Board**

After the incorporation of the Association by filing the Articles of Incorporation for the Association, Declarant may appoint a provisional Board of Directors to govern the Project until the first election of the Board of Directors at the first meeting of Members. The Directors of the provisional Board are people appointed by Declarant as its discretion. At the first election, the provisional Directors shall be replaced by the elected according to the procedure set forth below in accordance with the DRE Regulation Section 2792.19(c)(1), to the extent not in conflict with the requirements of Corporation Code Section 7222(b)(1).

**4.02 Number, Election, and Term of Office**

- (a) The authorized number of Directors shall be three (3).

- (b) The terms of office of the Directors shall be as follows: At the first meeting of the Association, the Members shall elect one (1) Director for a term of two (2) years, two (2) Directors for a term of one (1) year. The candidate(s) receiving the highest number of votes shall fill the Director position having the longest term, and each remaining position shall be filled in the same manner. If two or more candidates receive the same number of votes and the positions to be filled have different terms, the inspectors of election shall determine the manner of breaking the tie.

So long as there are two classes of Membership or so long as the Declarant holds a majority of the voting power, no less than twenty percent (20%) of the Directors shall be elected solely by votes of Members other than the Declarant.

At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve for a term of three (3) years. Unless vacated sooner, each Director shall hold office until the Director's term expires and a successor is elected.

#### **4.03 Election Rules - Nominations and Qualifications**

- (a) Procedures for nominations for election to the Board and election procedures shall comply with Corporations Code Section 7520 and Election Rules adopted by the Board pursuant to Civil Code Section 5105. Nominations from the floor are not permitted.
- (b) The Qualifications for Directors are set forth in the Election Rules.

#### **4.04 Election of Directors – Cumulative Voting and Specially Elected Directors**

- (a) Election of Directors shall be held in compliance with Civil Code Sections 5100 and 5103.
- (b) Cumulative voting in the election of Board Members is required for all elections in which two or more positions are to be filled Under cumulative voting, a Member may give one candidate a number of votes equal to the number of Directors to be elected, or distribute the total number of votes among the candidates in any manner.
- (c) Not less than twenty percent (20%) of the total number of Board Directors ("Specially Elected" Directors) shall be elected by a majority vote of the Members (other than Declarant) as long as:
  - (1) A majority of Association voting power resides in the Declarant; or
  - (2) There are two outstanding classes of Membership.
- (d) If twenty percent (20%) of the total number of Board Directors is a fractional number, the number of Directors to be elected by Members other than Declarant will be rounded to the next higher whole number.

#### 4.05 **Vacancies**

- (a) A vacancy exists if:
  - (1) A Director resigns, dies, no longer meets the qualification requirements, including no longer being a Member;
  - (2) The Members increase the number of authorized Directors but do not elect the additional Directors at the meeting; or
  - (3) The Members do not elect the authorized number of Directors.
- (b) Board vacancies of a Director may be filled by a majority of Directors for the remainder of the term of the position that became vacant until a successor is elected at an Annual Meeting or Special Meeting of Members.
- (c) Members may elect:
  - (1) Directors to fill any vacancy not filled by the Directors, at any time; and
  - (2) Additional Directors, at the meeting in which an increase in the number of Directors is authorized.
- (d) Members other than Declarant shall elect a successor to the position of a Specially Elected Director made vacant by death, resignation, or removal.

#### 4.06 **Removal of Directors**

- (a) Directors may be removed by approval of a majority of Members pursuant to the provisions of Corporations Code Section 7222 or by court order pursuant to Corporation Code Section 7223.
- (b) Specially Elected Directors may be removed from office prior to expiration of the Director's term of office only by the vote, by secret ballot, of at least a majority of the voting power residing in Members other than Declarant or in accordance with Corporations Code Section 7222, as applicable.
- (c) Unless the entire Board is removed, no individual Director may be removed if the votes cast against such removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Directors were then being elected. Failure to vote constitutes a vote against removal.
- (d) This Section shall not apply to the initial Directors or Directors appointed by Declarant. Any successor needed to fill any vacancy on the Board resulting from the death, disability, or resignation of an initial Director or a Class B appointed Director shall, if applicable, be appointed pursuant to the Class B rights.

## ARTICLE V

### Meetings and Actions of Board of Directors

#### 5.01 Regular Board Meetings

- (a) The Board must hold no less than one (1) meeting per quarter on dates established by Board resolution ("Regular Board Meeting").
- (b) Notice of Regular Board Meetings must be given to each Director at least four (4) days before the meeting date.
- (c) Regular Board Meetings shall be held in compliance with Civil Code Section 4900 et seq.

#### 5.02 Special Board Meetings and Notices

- (a) Special meetings of the Board of Directors ("Special Board Meeting") may be called at any time for any purpose by the President, Vice President, or any two (2) Directors.
- (b) Written notice specifying the time, place, and the nature of business to be conducted at the Special Board Meeting must be delivered to each Director at least seventy-two (72) hours before the meeting.
- (c) The notice shall be communicated to Members as specified in subparagraph (c) of the section entitled "*Regular Board Meetings*" herein.
- (d) Special Board Meetings shall be held in compliance with Civil Code Section 4900 et seq.

#### 5.03 Waiver of Notice

- (a) A Director may sign a waiver of notice, written consent, or approval of minutes of any meeting.
- (b) Waivers and consents must be filed with Association records or made a part of the minutes of the meeting.
- (c) Director attendance at a Board meeting waives the Director's notice of meeting.

#### 5.04 Adjournment

- (a) A majority of the Directors present (whether or not they constitute a Quorum) may adjourn to another time and place.
- (b) Notice shall be given to any Directors not present.

**5.05 Quorum**

- (a) A Quorum for the transaction of business is a majority of the number of Directors.
- (b) A meeting at which a Quorum is initially present may continue to transact business after Directors withdraw, provided that any action is approved by a majority of the required Quorum.

**5.06 Action Without Meeting**

The Board may take action without a meeting in case of an emergency if the action is in compliance with Civil Code Sections 4920(b)(1) and 4923.

**5.07 Conduct of Meeting**

All Board meetings shall be held in compliance with Civil Code section 4900 et seq.

**5.08 Committees**

The Board may create committees to serve at the pleasure of the Board. Such committees shall be created only by resolution adopted by a majority of the Directors then in office, provided that a Quorum is present.

**ARTICLE VI**

**Officers**

**6.01 Enumeration of Officers**

- (a) The Association may have the following officers:
  - (1) A President;
  - (2) A Vice President;
  - (3) A Secretary; and
  - (4) A Treasurer.
- (b) Except for the Secretary and/or Treasurer, Officers must be Directors.
- (c) One person may hold more than one (1) office.

## **6.02 Election of Officers**

At the initial meeting of the Board, officers shall be elected to serve until the next Regular Board Meeting to take place after the next election of Directors by Members.

## **6.03 Removal and Resignation**

- (a) An officer may be removed from office (but not from the Board) if the officer is a Board Member) by the approval of the Board with or without cause.
- (b) 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.

## **6.04 Vacancies**

An officer vacancy may be filled for the remainder of the term as prescribed in these Bylaws by regular election or appointment to office.

## **6.05 President**

The President is the principal executive officer of the Association, with the following duties and powers:

- (a) Generally, supervise all of the Association's business and affairs;
- (b) Preside at all meetings of the Members and of the Board; and
- (c) Perform all general duties incident to the office of the President prescribed by the Board.

## **6.06 Vice President**

The Vice President will perform the following duties:

- (a) The duties of the President, if the President is absent, unable or unwilling to act; and
- (b) Other duties assigned by the President or the Board.

## **6.07 Treasurer**

The Treasurer is the chief financial officer of the Association, with the following duties and powers:

- (a) Ensure that adequate and correct accounts of Association properties and business transactions are kept and maintained;

- (b) Send financial statements and reports to Members as required;
- (c) Have custody and responsibility for all Association funds and securities;
- (d) Receive all monies payable to the Association and give appropriate receipts;
- (e) Deposit all monies in the name of the Association in banks or depositories selected in accordance with these Bylaws; and
- (f) Perform all general duties incident to the office of the Treasurer assigned by the President or the Board.

#### **6.08 Secretary**

The Secretary will perform the following duties:

- (a) Ensure that the minutes of Member, Board, and Committee meetings are kept in books for that purpose;
- (b) Ensure that all notices are given as required;
- (c) Have custody of the Association's records; and
- (d) Perform all duties assigned by the President or by the Board.

#### **6.09 Manager or Management Company**

The Board may, from time to time, employ the services of a manager or management company to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager or management company any of its day-to-day management and maintenance duties and powers, provided that the manager or management company shall at all times remain subject to the general control of the Board.

## **ARTICLE VII**

### **Duties and Powers of the Association**

#### **7.01 Board Powers and Limitations**

The powers and duties of the Board shall normally include, but shall not be limited to, the following:

- (a) Enforcement of applicable provisions of the Declaration, Articles, Bylaws, and other instruments for the ownership, management, and control of the Project.
- (b) Contracting for casualty, liability, and other insurance on behalf of the Association.

- (c) Delegating its powers to committees, officers, or employees of the Association or outside companies or people hired by the Association as expressly authorized by the Governing Documents.
- (d) Preparation of budgets and financial statements for the Association as prescribed in the Governing Documents.
- (e) Formulation of rules of operation of Common Areas and facilities owned or controlled by the Association.
- (f) Election of officers of the Board of Directors.
- (g) Filling of vacancies on the Board of Directors, except for vacancies created by removal of a Director.
- (h) The Board is authorized to:
  - (1) Adopt and enforce reasonable Rules and Regulations not inconsistent with the Governing Documents concerning the Property and that comply with Civil Code Sections 4340 et seq. or any successor statutes;
  - (2) Pay taxes and assessments which are, or could become, a lien on the Common Areas or a portion thereof;
  - (3) Contract for goods and services for Common Areas and facilities for the Association.
  - (4) Commence disciplinary proceedings against Members of the Association for violations of provisions of the Governing Documents in accordance with procedures set forth in the Governing Documents;
  - (5) Enter upon any privately owned Unit as necessary in connection with construction, maintenance, or emergency repair for the benefit of Common Areas or the Owners;
  - (6) Amend the Governing Documents for the purpose of correcting technical errors or clerical mistakes; and
  - (7) Institute, defend, settle, or intervene on behalf of the Association in litigation, mediation, or administrative proceedings in matters pertaining to:
    - (A) Enforcement of the Governing Documents;
    - (B) Damage to the Common Areas;
    - (C) Damage to the Unit which the Association is obligated to maintain or repair; or
    - (D) Damage to the Units which arises out of, or is integrally related to, damage to Common Areas or Units that the Association is obligated to maintain or repair.

**7.02 Penalties for Noncompliance**

- (a) In recognition of the need for a reasonable means of encouraging and insisting upon compliance with the provisions of the Governing Documents without resorting to suits for injunctive relief, the Board is authorized to do the following:
- (1) Establish a reasonable policy of reasonable penalties, including monetary penalties (which specifies the amounts of potential monetary penalties);
  - (2) Assess such penalties against any Owner found to be in violation of any provision of the Governing Documents; and
  - (3) Temporarily suspend an Owner's Common Area privileges (other than the right of ingress and egress to the Owner's Unit) for as long as the violation continues.
- (b) However subject to any amendments thereto, Notice and Hearing relating to the imposition of any penalties in this section must be made in the following manner pursuant to Civil Code 5855:
- (1) Notice must be given in writing, by either personal delivery or USPS First-Class mail to the relevant Owner's most recent address in the Association's records at least ten (10) days before the Hearing in which the penalty is to be decided by the Board;
  - (2) Notice must set forth details of the alleged violation itself, the proposed penalty, the date, time and place of the Hearing, and a statement that the Owner has a right to attend and may address the Board;
  - (3) Hearing will be held by the Board of Directors, and their decision is final and binding upon the Owner;
  - (4) The Board shall meet in executive session if requested by the Owner being disciplined, and the Owner shall be entitled to attend the executive session;
  - (5) Following the Hearing, the Board must decide whether or not the Owner should in fact be penalized, and the nature of the penalty; and
  - (6) If the Board imposes discipline on the Owner, a written notice must be given to the Owner by either personal delivery or USPS First-Class mail, within fifteen (15) days following the action, and at least five (5) days prior to the effective date of the penalty.
- (c) If the Board establishes a policy imposing any monetary penalty, including any fee on any Member for a violation of the Governing Documents or rules of the Association, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall adopt and distribute to each Member by personal delivery or USPS First-Class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for Member discipline contained in the Governing Documents. (The Board shall not be required to distribute any additional schedules of monetary penalties unless there are changes from the schedule that was adopted and distributed to the Members.)

- (d) If an Owner fails to comply with a penalty imposed pursuant to the provisions of this section, the Board may seek judicial enforcement of the penalty in any court of competent jurisdiction, with the Owner liable for all costs (collection costs, court costs, attorney's fees, etc.). However, such penalties and costs shall not be treated as an Assessment that may become a prejudgment lien enforceable by Civil Code Section 2924.
- (e) All procedures relating to the imposition of any penalties or discipline for violation of any provision in the Governing Documents shall, at minimum, comply with Civil Code Sections 5850 et seq. and 5900 et seq., and Corporations Code Section 7341.

## **ARTICLE VIII**

### **Association's Books and Records; Rights to Inspection**

#### **8.01 Books and Records of the Association**

- (a) The Board of Directors shall comply with all current requirements of Civil Code Section 4950 of Article 2 Board Meeting, Sections 5200 et al. of Article 5 Record Inspection, Section 5260 of Article 6 Record Keeping and Sections 5300 et al. of Article 7 Annual Reports in Chapter 6 of the Davis-Stirling Act; and the Corporations Code Sections 8311 et seq., pertaining to the inspection of books and records of the Association, including minutes to meetings, membership lists, financial records and Governing Documents.
- (b) Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association, as per Corporations Code Section 8334. The right of inspection by a Director includes the right to make extracts and copies of documents, as per Corporations Code Section 8311.
- (c) Every Owner shall have the right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association, as defined by Civil Code Article 5, Sections 5200 et al., with procedures and timeframes as per Civil Code Sections 4950, 5200- et seq. and 5300 et seq. The right of inspection includes the right to make copies of documents, within the timeframes provided in Civil Code Section 5210. This includes the following, as specified in Civil Code Section 5200:
  - (1) Any financial document required to be provided to a member in Article 7 and Article 2 of the Davis Stirling Act;
  - (2) Interim financial statements;
  - (3) Executed contracts not otherwise privileged under law;
  - (4) Written board approval of vendor or contractor proposals or invoices;
  - (5) State and federal tax returns;
  - (6) Reserve account balances and records of payments made from reserve accounts;

- (7) Agendas and minutes of meetings;
  - (8) Membership lists, including name, property address, and mailing address, but not including information for members who have opted out pursuant to Civil Code Section 5220;
  - (9) Check registers;
  - (10) The governing documents;
  - (11) An accounting prepared pursuant to subdivision (b) of Civil Code Section 5520; and
  - (12) An "enhanced association record" as defined in subdivision (b) of Civil Code Section 5200.
- (d) The Board shall establish reasonable rules with respect to:
- (1) Notice to be given to the custodian of the records by the member of the Association desiring to make the inspection, in accordance with Civil Code Section 5210;
  - (2) Hours and days of the week when such an inspection may be made, as per Civil Code Section 5205;
  - (3) Payment of the cost of reproducing copies of documents requested by a member of the Association as per Civil Code Section 5205(g); and
  - (4) Certain requests must be in writing, and are specified in Civil Code Section 5260.
- (e) Annual Reports:
- (1) An Annual Budget Report shall be prepared, as provided by Civil Code Section 5300.
  - (2) An Annual Policy Statement shall be prepared, as provided by Civil Code Section 5310.
- (f) Association records shall be produced and be subject to member inspection for the time periods as specified in Civil Code Sections 4950, 5200 et seq. and 5300 et seq.
- (g) Meeting Minutes
- (1) Meeting minutes shall be made available to Owners as per Civil Code Section 4950.
  - (2) With the pro forma operating budget, in the annual policy statement, Owners shall be notified in writing of their right to have copies of the minutes of meetings of the Board as per Civil Code Section 5310.

## **ARTICLE IX**

### **Indemnification and Liability**

#### **9.01 Liability of the Board and Officers**

Pursuant to Corporations Code Sections 5047.5, 7231 and 7231.5 and Civil Code Section 5800, to the fullest extent permitted by law, no Member of the Board or any officer of the Association shall be personally liable to any person who suffers injury, including, but not limited to, bodily injury, emotional distress, wrongful death, or property damage or loss as a result of any act, omission, error or negligence, or the like, of the Board Member or officer, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, and without willful, wanton, or grossly negligent misconduct, and within which such person reasonably believed to be the scope of his/her duties.

#### **9.02 Indemnification of Agents**

The Board may indemnify, defend and hold harmless any present or former Director, officer, employee or other agent of the Association to the fullest extent authorized under California Corporations Code Section 7237, and the Board may advance to any such indemnified person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was entitled to indemnification under this provision.

## **ARTICLE X**

### **Miscellaneous**

#### **10.01 People Authorized to Sign Checks, Etc. and Reserve Accounts Withdrawals**

Only people authorized by the Board may sign all checks, drafts, and other orders for payment, or evidence of indebtedness regarding the Association. Notwithstanding the foregoing, any withdrawal of funds from the reserve accounts shall require the signature of two (2) Directors.

#### **10.02 Conflicts Between Declaration and Bylaws**

- (a) In case of conflict between the Declaration and these Bylaws, the Declaration will control.
- (b) In case of conflict between these Bylaws and any applicable State of California law or statute, the law or statute will control.

## 10.03 Notices

Unless otherwise specified, giving of all notices shall conform to the provision specified for notices in the Declaration.

## ARTICLE XI

### Amendments

## 11.01 Amendments

- (a) The Association may amend these Bylaws as follows:
  - (1) Before the First Close of Escrow, Declarant may unilaterally amend these Bylaws.
  - (2) After the First Close of Escrow.
    - (A) If there is only one Membership class, approval by a majority of a Quorum of the Association and a majority of votes other than the Declarant; or
    - (B) If Class B Membership exists, approval by a majority of a Quorum of each class of Membership.
- (b) The Amendment shall require the signature of two Association Officers certifying that the amendment has been approved by the required vote of Members.
- (c) The specified percentage of Members necessary to amend a specific section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that section or provision.
- (d) No amendments to these Bylaws or other Governing Documents that specifically benefit the Declarant as Developer shall be made without the written consent of the Declarant.
- (e) If a First Mortgagee who receives a written request from the Board to approve a proposed amendment(s) does not return a negative response within thirty (30) days, the First Mortgagee will be deemed to have approved the amendment(s).
- (f) Notwithstanding any other portion of this section, for so long as Declarant owns any portion of the Property, Declarant may unilaterally amend these Bylaws by recording an instrument in writing, signed by Declarant, without the consent of the Association or any other Owner, provided that such amendment is made in order to conform these Bylaws to the requirements of the DRE, VA, FHA, FNMA, FHLMC, or any other governmental entity.
- (g) An amendment for the purpose of correcting technical errors or clerical mistakes shall not be construed as a material change to the Governing Documents, and may be made upon a majority vote of the Board of Directors without vote of the Membership.

**I, THE UNDERSIGNED SECRETARY,** certify that the foregoing Bylaws have been approved by the incorporator of the Association.

X 

By:

ASSOCIATION SECRETARY

Date: 6.7.24

END