

SILVER LAKES ASSOCIATION



ARTICLES OF INCORPORATION & BY-LAWS

Revisions made for grammar - November 23, 2015

**IF THIS DOCUMENT CONTAINS ANY RESTRICTION
BASED ON RACE, COLOR, RELIGION, SEX, FAMILIAL STATUS,
MARITAL STATUS, DISABILITY, NATIONAL ORIGIN, OR
ANCESTRY, THAT RESTRICTION VIOLATES STATE AND
FEDERAL FAIR HOUSING LAWS AND IS VOID. ANY PERSON
HOLDING AN INTEREST IN THIS PROPERTY MAY REQUEST
THAT THE COUNTY RECORDER REMOVE THE RESTRICTIVE
COVENANT LANGUAGE PURSUANT TO SUBDIVISION (C) OF
SECTION 12956.1 OF THE GOVERNMENT CODE.**

**This information is provided by the Association pursuant to the
requirements of Government Code Section 12956.1 (b) effective
January 1, 2000. If you believe the governing documents contain
discriminatory restrictive covenants, you may contact the County
Recorder's office and/or the Association to request removal of such
provision.**

ARTICLES OF INCORPORATION
OF
SILVER LAKES ASSOCIATION

The undersigned hereby for a corporation pursuant to the General Nonprofit Corporation of the State of California, and certify:

ARTICLE I

The name of the corporation is "Silver Lakes Association".

ARTICLE II

For the purpose of these Articles, the following definitions shall apply:

(a). The term "Association" shall mean this corporation.

(b). The term "Development" shall mean all of the real property within the boundaries of that certain real estate development consisting of approximately 4,300 acres in San Bernardino County, California, and commonly known as "Silver Lakes", subject to the Covenants and Restrictions recorded in the Office of Recorder, County of San Bernardino, State of California, in connection with Tract 8320, the first Tract of thereto pursuant to the provisions of said Covenants and Restrictions.

(c). The term "Member" shall mean all persons and entities who from time to time hold membership in this Association under the By-Laws of this Association.

ARTICLE III

Corporate purposes:

(a). The specific and primary purposes for which this Association is formed are as follows:

(1). To provide recreational and community facilities in the Silver Lakes Development, San Bernardino County, California, for the use and enjoyment of its members.

(2). To acquire, own, lease, maintain, protect, improve, preserve, and regulate the use of, the Common Areas and Community Facilities, as same are defined in said Covenants and Restrictions, within the Development.

(3). To enforce all of said Covenants and Restrictions applicable to the Development.

(4). To levy and collect assessments from its members for funds to cover its costs of operation.

(b). Additional purposes for which this Association is formed are as follows:

(1). To enter into, make, perform and carry out the amount, with any person, firm, association, corporation, municipality, county, State or other municipal governmental subdivision.

(2). To promote the health, safety and welfare of the residents within the Development and such additions thereto as may hereafter be brought within the jurisdiction of this Association by annexations to the Development as provided in Article IV herein.

(3). To have and to exercise all the powers conferred by the General Nonprofit Corporation Law of California upon nonprofit corporations as such law is now in effect or may at any time hereafter be amended.

ARTICLE IV

Annexations to the Development may be made only in accordance with the provisions of the recorded Covenants and Restrictions applicable to the property within the Development. Such annexations, when properly made under the applicable Covenants and Restrictions shall extend the jurisdiction, functions, duties and membership of this Association to such properties.

ARTICLE V

The Association is and shall be organized and operated exclusively for the pleasure and recreation of its members, and no part of its net earnings shall inure to the benefit of any member. The Association shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501 (c)(7) of the Internal Revenue Code of 1954, as amended, (or the corresponding provisions of any future United State tax laws).

ARTICLE VI

RESOLVED FURTHER, that ARTICLE VI of the Articles of Incorporation is hereby amended to read in full as follows:

“Upon dissolution of the Association, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the Association, distribute all of the

remaining assets to an association or corporation organized and operated exclusively for pleasure, recreation, and/or other nonprofitable purposes and which has established its tax exempt status under Section 501 (c) (7) of the Internal Revenue Code of 1954, as amended, (or the corresponding provisions of any future United States tax laws):."

ARTICLE VII

The existence of this Association is to be perpetual.

ARTICLE VIII

The principal office for the transaction of business of this Association is to be situated in the County of San Bernardino, State of California.

ARTICLE IX

The number and names of directors is as follows:

(a). The number of directors of the Associations five (5) until changed by a by-law adopted by the members increasing the number of directors as desired.

(b). The names and addresses of the persons who are appointed to act as first directors are:

(1). Sam J. Whiting, 750 Welch Road, Palo Alto California.

(2). Ed Wallach, 6430 Sunset Boulevard, Los Angeles, California.

(3). Harvey Diemenr, 750 Welch Road, Palo Alto, California.

(4). Donna Derylo, 750 Welch Road, Palo Alto, California.

(5). Ruth E. Owen, 750 Welch Road, Palo Alto, California.

ARTICLE X

The authorized number and qualifications of members of this Association, the different classes of membership, if any, the property, voting and other rights and privileges of each class of membership, and the liability of each or all classes for dues and assessments and the methods of collection thereof, shall be determined by the corporate by-laws.

ARTICLE XI

The by-laws of this corporation shall be adopted by the Directors named in Articles of Incorporation and may thereafter be amended or repealed by an means provided in the by-laws.

ARTICLE XII

The provisions of these Articles shall not be amended except by the vote or written consent of not less than fifty-one percent (51%) of the members of the Association.

IN WITNESS WHEREOF, the undersigned and above-named incorporations and first directors of this corporation have executed these Article of Incorporation the 16th day of September, 1971.

/s/ Sam J. Whiting

/s/ Ed Wallach

/s/ Harvey Diemer

/s/ Donna Derylo

/s/ Ruth E. Owen

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CLARA) ss.

On this 16th day of September, 1971, before me Barbara L. Farrey, a Notary Public in and for the County of Santa Clara, State of California, residing therein, duly commissioned and sworn, personally appeared SAM J. WHITING, ED WALLACH, HARVEY DIEMER, DONNA DERYLO AND RUTH E. OWENS, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County of Santa Clara the day and year in this certificate first above written.

/s/ Barbara L. Farrey
Notary Public in and
for the County of
Santa Clara, State of
California
My commission expires 2/3/74

February 7, 2015

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
SILVER LAKES ASSOCIATION

ONE: The name of this corporation is:

SILVER LAKES ASSOCIATION

TWO: This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The Purpose of this corporation is to engage in any Lawful act or activity for which a corporation may be organized under such Law.

THREE: This corporation is organized as a homeowners' association or a residential real estate management association to provide for the acquisition, construction, management, maintenance, and care of association property. Notwithstanding any other provision of these articles, this corporation shall not engage in any activities or exercise any powers that are not in furtherance of the purpose of this corporation.

FOUR: This corporation is organized to be the association to which reference is made in the Declaration of Covenants and Restrictions for Silver Lakes, recorded on October 6, 1971, in Book 7768, Page 739, of Official Records of Recorder of the County of San Bernardino, California.

FIVE: No part of the net earnings of the corporation shall inure (other than by acquiring, construction, or providing management, maintenance, and care of association property, and

other than be a rebate of excess membership dues, fees, or assessments) to be the benefit of any private shareholder or individual.

SIX: On the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations, and liabilities of the corporation, the remaining assets of this corporation shall be distributed to an unincorporated association made up of members of this corporation.

SEVEN: In accordance with the provisions of Section 9913 of the California Corporation Code, this corporation, elects to be governed by all of the provisions of the California Nonprofit Mutual Benefit Corporation Law not otherwise applicable to this corporation under Sections 9910-9927 of the Corporations Code.

EXHIBIT A
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
SILVER LAKES ASSOCIATION

S.L. LATHROP and SHIRLEY ESTES certify that:

1. They are the President and the Secretary, respectively, of Silver Lakes Association, a California corporation.
2. The Articles shall be amended and restated to read as described in the attached "Amended and Restated Articles of Incorporation of Silver Lakes Association."
3. The amendment has been duly approved by the Board of Directors.
4. The amendment has been duly approved by the required vote of members.

We further declare under penalty of perjury under the laws of the State of California the matters set forth in this certificate are true and correct of our own knowledge.

Date: April 19, 1989

/s/ S.L. LATHROOP, PRESIDENT

/S/ SHIRLEE ESTES, SECRETARY

BY-LAWS OF
SILVER LAKES ASSOCIATION

ARTICLE I

RECITALS AND DEFINITIONS

Section 1. This corporation has been formed pursuant to Covenants and Restrictions recorded in the Office of Recorder, County of San Bernardino, State of California, in connection with Tract 8320 of said Development, the first Tract of said Development, and any additional property which is annexed thereto pursuant to the provision of said Covenants and Restrictions.

Section 2. The specific and primary purpose of this corporation are set forth in Article III (a) of the Articles of Incorporated.

Section 3. The corporation is herein referred to as the "Association".

Section 4. The term "Development" shall mean all of the real property within the boundaries of that certain real estate development consisting of approximately 4,300 acres in San Bernardino County, California and commonly known as "Silver Lakes", more particularly describes in Exhibit "A" to the Covenants and Restrictions recorded in the Office of Recorder, County of San Bernardino, State of California, in connection with Tract 8320 of said Development, the first Tract of said Development, and any additional property which is annexed thereto pursuant to the provisions of said Covenants and Restrictions.

Section 5. The property which the Association shall initially own and control is all of the Common Areas shown on the

recorded Subdivision Maps covering the Development including the following described Community Facilities:

(1). A **SOUTH LAKE** consisting of approximately one hundred twelve (112) acres with beach area, docking and launching facilities.

C. Subsection (2) of Article I is amended to read in full as follows:

(2). A **NORTH LAKE** consisting of approximately one hundred sixty-five (165) acres with beach area, marina, docking and launching facilities.

(3). A **GOLF COURSE COMPLEX** consisting of approximately two hundred ten (210) acres with twenty-seven hole golf course, driving range and appurtenances.

(4). A **MAIN RECREATION CENTER** consisting of approximately five (5) acres with swimming pool, whirlpool, tennis courts, locker room, shuffleboard, parking area and Restaurant facilities.

(5). An **EQUESTRIAN CENTER** consisting of approximately six (6) acres with barn and riding ring.

(6). **EQUESTRIAN TRAILS.**

(7). A **COTTONWOOD PARK AND WILDLIFE PRESERVE** consisting of approximately thirty-two (32) acres.

(8). **PARK AREAS.**

(9). **MISCELLANEOUS RECREATIONAL AREAS.**

(10). Any and all other facilities which the Association shall acquire, own, lease or otherwise control and/or operate for the common use and benefit of the Members.

The Association shall acquire and accept the conveyance to it of the Common Area shown on the recorded Subdivision Maps covering the Development, together with all of the improvements constructed thereon and all appurtenances thereto, pursuant to and agreement entered into between Developer and Association.

The Association shall own and/or lease such equipment and personal property as is reasonably required from time to time by the Association to be used in connection with the Community Facilities. The Association may own and/or lease other property whether real or personal, from time to time for the common benefit, use and enjoyment of the Members of this Association.

All of the described property which the Association shall own, lease, control and/or operate is herein collectively referred to as "Association Property".

Section 6. The term "Lot" shall mean any subdivided parcel designated as such on duly recorded final subdivision Map. The term "Improved Condominium Lot" shall mean a condominium lot upon which a condominium apartment unit has been constructed and occupied for residential purposes.

Section 7. The term "Condominium" shall mean an estate in real property consisting of an undivided interest in common in a lot or parcel of real property zoned for condominium purposes together with a separate exclusive interest in a single family residential apartment unit in a building situated on such real property.

Section 8. The term "Residential Lot" shall mean any lot intended to be used for residential purposes.

Section 9. The term "Multiple Family Residential Lot" shall mean any lot intended to be used for residential purposes by more than one (1) family.

Section 10. The term "Single Family Residential Lot" shall mean any lot intended to be used for single family residential purposes.

Section 11. The term "Owner" shall mean the person or entity holding the beneficial ownership of a lot or condominium.

Section 12. The term "Covenants and Restrictions" shall mean the limitations, restrictions, covenants, terms and conditions set forth in the Declaration of Covenants and Restrictions recorded in the Office of Recorder of San Bernardino County with respect to Tract 8320, the first Tract of said Development, as such Declaration may from time to time be amended, supplemented or modified by subsequent Declarations so recorded.

Section 13. The term "Subdivision Map" shall mean:

- (a) any final map within the meaning of the provisions of Division 4, Part 2, Chapter 2, of the Business and Professions Code of the State of California, or
- (b) any final record of survey map within the meaning of the provisions of Division 3, Chapter 15, Article 5 of the Business and Professions Code of the State of California, as such provisions may from time to time be amended.

Section 14. The term "Common Area" shall mean and include collectively all real property within the Development conveyed, or to be conveyed, to the Association including (without limitation) any real property upon which Community Facilities are located.

Section 15. The term "Member" as used herein shall mean a member of this Association in good standing whose rights under these By-Laws are not suspended.

Section 16. The term "Board" shall mean the duly elected and acting Board of Directors of the Association.

Section 17. The term "Developer" shall mean Dart Industries Inc., a Delaware corporation, and any of its successors or assigns, engaged in developing the Development or any portion thereof.

Section 18. The term "Lodge" shall mean the building or buildings privately owned and operated as a Lodge, together with all appurtenances thereto, to be located within the Development.

ARTICLE II

PRINCIPAL OFFICE

Section 1. The Principal Office of the Association shall be located at such place in the County as the Board shall from time to time designate by resolution.

ARTICLE III

MEMBERSHIP

Section 1. The following persons shall be members of the Association:

(a). Each owner of a Single Family Residential Lot within the Development; and

(b). Each Owner of a Multiple Family Residential Lot within the Development; and

(c). Each Owner of a Condominium; and

(d). The Owner of the Lodge.

Section 2. Each member shall remain a member until he no longer qualifies as such under Section I above.

Section 3. The Board shall provide for the issuance of certificates evidencing membership in the Association which shall be in such form as determined by the Board. Said certificates shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered in a Membership Register maintained by the Secretary.

Section 4. If more than one person owns the property giving rise to the appurtenant membership, all of said persons shall be deemed one membership and the membership shall be in the name of one designated individual. With respect to Single Family Residential Lots, Multiple Family Residential Lots and Condominiums, the Board shall at all times have the power to limit the number of persons (other than immediate family of the designated member) who shall have the right to use the Common Areas and Community Facilities under any one membership.

Section 5. A person shall not be entitled to exercise the rights of a member until such person has advised the Secretary in writing that he is qualified to be a member under Article III, Section I above, and has provided the Secretary with evidence of such qualification in the form of a recorded grant deed or a currently effective policy of title insurance.

ARTICLE IV

MEMBERSHIP VOTING

Section 1. The Association shall have but one class of voting membership.

Section 2. At any meeting of the membership called and held pursuant to the provisions of these By-Laws, each member shall be entitled to vote as follows, except in those situations where members are delinquent in dues, assessments, user charges and/or surcharges as determined by the Board of Directors as being member not in good standing:

(a) A member who owns a Single Family Residential Lot shall be entitled to one (1) voter for each lot so owned.

(b) A member who owns an unimproved Multiple Family Residential Lot shall be entitled to a minimum number of votes based on one-eighth (1/8) of the maximum allowable number of Multiple Family Residential dwelling units permitted by San Bernardino County. Said minimum number of votes will remain in effect until the number of dwelling units constructed on the lot exceed said minimum number, at which time the votes for such lot shall be as determined by Subsection (c) immediately following.

(c) A member who owns an improved Multiple Family Residential Lot (unless it is improved Condominium Lot) shall be entitled to that number of votes equal to the number of apartment units on the lot.

(d) A member who owns a Condominium shall be entitled to one (1) vote for each such condominium so owned.

(e) The owner of the Lodge shall be entitled to that number of votes equal to twenty percent (20%) of the number of living units in the Lodge; provided, however, that if twenty percent (20%) of the number of living units results in a fractional vote, the fractional vote shall be disregarded, and the owner shall be entitled to the next lowest whole number of votes.

Section 3. Any member may attend and vote at meetings or cast his ballot, as the case may be, in person, or by proxy holder duly appointed by a written proxy signed by the member and filed with the Secretary, except in those situations where the members are delinquent in dues, assessments, user charges, and/or surcharges as determined by the Board of Directors as being Members not in good standing. Any proxy shall be for a term not to exceed eleven (11) months unless otherwise expressly provided therein and may be revoked at any time by written notice delivered to the Secretary. A proxy shall be deemed revoked when the Secretary shall receive actual notice of the death or judiciary declared incompetence of such member, or upon termination of such member's status as an owner under Article III, Section I (a), (b), (c) and (d) above.

Section 4. Where two or more persons constitute a membership, any proxy with respect to the vote of such membership shall be signed by all such persons, all such persons may attend meetings, but no vote of such membership shall be cast without the unanimous consent of all persons present at such meeting constituting such membership.

Section 5. Any matter or issue requiring the vote of the members, other than the election of Directors, may be submitted for vote by written ballot without a meeting of the members. The determination to conduct an election in this fashion shall be made by a majority of the Board or by members having ten percent (10%) of the total votes of the membership signing a written request and delivering same to the Secretary. In the event of such an election, the Board shall give written notice thereof, specifying the time and place where the ballots are to be cast, and the question or questions to be voted upon. Said notice shall be mailed to the members not less than twenty (20) nor more than ninety (90) days prior to the date that the ballots are to be received to be counted, and shall include the form of ballot to be used. The conduct of the election shall be in accordance with the procedures prescribed by a firm of certified public accountants of good repute who shall also be retained to supervise the secrecy and control of the election, if deemed necessary by the Board, or if requested by the members requesting the election. A quorum shall be deemed to have been present for purposes of the election if members having a majority of the total votes cast ballots, in any such election. Upon tabulation

of the ballots, the Board shall notify the members of the outcome of the election. If insufficient votes to constitute a quorum are cast, the Board shall so notify the members.

ARTICLE V

MEMBERSHIP MEETINGS

Section 1. The first meeting of the members shall be held not more than thirty (30) days after fifty-one percent (51%) of all lots in the Development have been sold and conveyed or within one (1) year after the first lot in the Development has been sold and conveyed, whichever should first occur. Thereafter, there shall be an annual meeting of the members at 10:00 a.m. on the first Saturday of the month in which the first membership meeting took place. The meetings of the members shall be at the offices of the Association at the Development, or at such other reasonable place (within the County) and time (not more than thirty (30) days before or after such date) as may be designated by notice of the meeting. The Board shall give notice to the members of any membership meeting; Special, not less than thirty-five (35); General, not less than twenty (20), and in that event no more than ninety (90) days prior to the date fixed for said meeting.

Section 2. Special meetings of the members may be called at any time to consider any reasonable business of the Association. Upon request in writing to the Chairman of the Board, or to the President, Vice President, or Secretary by any person entitled to call a special meeting of the Members, or by members having ten percent (10%) of the total votes of the

membership, the Officer forthwith shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the Board, not less than thirty-five (35) or more than ninety (90) days after receipt of the request. Said notice shall specify the date, time and place of the meeting and the matters to be considered thereat. The place for such special meetings shall be at the offices of the Association, or at such other reasonable place within the County, as designated by the persons calling same.

Section 3. The presence at any meeting, in person or by proxy, of members in good standing having at least thirty-three and one-third per cent ($33 \frac{1}{3}\%$) of the total votes of the membership shall constitute a quorum. If a quorum is not met at a meeting, such meeting shall be adjourned to a time not less than forty-eight (48) hours, nor more than thirty (30) days, after the time the original meeting was called, at which time the presence in person or by proxy of members having twenty-five percent (25%) of the total votes of the membership shall constitute a quorum.

Section 4. Unless otherwise provided in these By-Laws or in the Covenants and Restrictions, a vote of a majority of the votes present at any meeting, in person or by proxy, or a vote of a majority of the votes cast in an election conducted under Section 5 of Article IV, shall prevail with respect to any issue presented to a membership.

Section 5. Any vote taken for the election of Directors shall be by secret written ballot in form prescribed by the

Board. All other issues presented at any meeting for a vote by the membership, shall be voted upon either by oral vote or by raise of hands or by secret written ballot at the election of chairman of the meeting, unless ten percent (10%) of the votes present at such meeting request that the vote be by secret ballot, in which event the vote shall be by secret ballot.

Section 6. Any form of Proxy or written ballot distributed to ten (10) or more members of the Association shall afford an opportunity on the Proxy to specify a choice between approval, disapproval, or abstention of each matter or group of matters intended to be acted upon at the meeting which the Proxy is solicited.

ARTICLE VI

MEMBERSHIP RIGHTS

Subject to the provisions hereof, and the provisions of the Covenants and Restrictions, and the provisions of the Rules of the Association, the members shall have the following rights:

Section 1. Each member shall be personally entitled to the use and enjoyment of all common areas and Community Facilities within the Development so long as dues, assessments, user charges, and/or surcharges are not delinquent as defined by the Board of Directors.

Section 2. Each member shall have the right to designate members of his or her family who reside with the member who may use and enjoy the Common Areas and Community Facilities within the Development; provided, however, that with respect to Single Family Residential Lots, Multiple Family Residential Lots and

Condominiums the Board shall at all times have the power to limit the number of persons (other than immediate family of the designated member) who shall have the right to use the Common Areas and Community Facilities under any one membership.

Section 3. Each member shall have the right to assign his rights of use and enjoyment of Common Areas and Community Facilities to a tenant residing upon said member's lot or in said member's condominium. Each member who is the owner of an improved Multiple Family Residential Lot shall have the right to execute multiple assignments of his rights as a member equal to the number of apartment units on said lot. Any such assignment shall be effective only so long as said tenant is so residing on said member's lot or in said member's condominium. Said assignment shall not be effective until such time as the member has given the Secretary written notice thereof setting forth the name of the assignee and the members of his or her family who will be entitled to the use and enjoyment of the Common Areas and Community Facilities within the Development by virtue of said assignment.

Section 4. The invitees, licensees and guests of a member or assignee of a member under Section 3 above shall have the right to use and enjoy the Common areas and Community Facilities within the Development; provided, however, that the Board shall at all items have the power to limit the number of persons (other than immediate family of the designated member) who shall have the right to use the Common Areas and Community Facilities under any one membership.

Section 5. The right of use and enjoyment of the Common Areas and Community Facilities shall at all times be subject to all existing published rules and regulations promulgated by, and user charges set by, the Board, and shall at all times be subject to the limitations and restrictions set forth in the Covenants and Restrictions. The Board shall have the right to suspend the use and enjoyment of any Common Area and Community Facility for the failure of a person to comply with such rules and regulations and the said Covenants and Restrictions; provided, however, that such suspension shall only be imposed after such person has been notified in writing and has been offered a reasonable opportunity to be heard. Said suspension may remain in place until the Board determines that the violation, condition, action or conduct that lead to the suspension has been corrected or resolved.

Section 6. The use of the North and South lakes shall at all times be governed by the following provisions.

(a) The speed limit for motorized watercraft shall not exceed 10 mph.

(b) There shall be no personal watercraft allowed. For purposes of this section, "personal watercraft" means a watercraft that is less than sixteen feet long, propelled by machinery powering a water jet pump and designed to be operated by a person who sits, stands or kneels on rather than sitting or standing inside the watercraft.

(c) There shall be no water skiing or towing of anything behind any vessel, except in an emergency.

The provisions of this section shall be incorporated in and made a part of the Rules & Regulations promulgated by the Board of Directors, and shall not be changed without an affirmative majority vote of a quorum of the membership as established under Article V, Section 3 of these By-Laws.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. The corporate powers of the Association are vested in, and shall be exercised by, the Board consisting of seven (7) persons, Members in good standing.

Section 2. The initial Directors shall hold office until the first meeting of the membership to be held pursuant to Article V, Section 1.

Section 3. At each annual meeting of the members, the members shall elect the Board for the forthcoming term. Each member may cumulate his votes and give one or more candidates for Director a number of votes equal to the number which such member has hereunder multiplied by the number of Directors to be elected. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be deemed elected.

Section 4. Directors shall serve a term of two (2) years or until their death, resignation or removal, whichever is the earlier. In order to achieve staggered terms of tenure, the first election following the adoption of this Amendment will provide that, of the five (5) member Board, the three (3) candidates receiving the highest number of votes will be elected for a two (2) year term; the next two (2) candidates would be elected for a one (1) year term for this first election only. Thereafter all terms will be for two (2) years. Vacancies on the Board shall be filled by a majority vote of the remaining Directors though less than a quorum, and each Director so elected shall hold office until his successor is elected by the members.

Section 5. The membership has the power to remove the entire Board or an individual member of the Board at any time, provided, however, that an individual Director shall not be removed if the number of votes cast against his removal exceed twenty percent (20%) of the total number of votes of the ownership.

Section 6. Notwithstanding the above provisions, if after ninety-five percent (95%) of the lots and condominiums collectively in the Development have been sold and conveyed by Developer, more than three (3) members of the Board are employees, Officers, Directors or agents of Developer, the then existing board shall call a special Membership Meeting for the purpose of electing at least three (3) members to the Board who are not Officers, Directors or agents of Developer, Said special Membership Meeting shall be called and held within ninety (90)

days after the date that ninety-five percent (95%) of the lots and condominiums collectively in the Development shall have been sold and conveyed. Upon such election being so held, and thereafter, not more than two (2) members of the Board shall be employees, Officer, Directors or agents of Developer unless it is not possible to find others who will serve on the Board. It is the intent of this Section to provide that after ninety-five percent (95%) of the lots and condominiums collectively in the Development are so sold and conveyed by Developer that the Board be thereafter controlled by members, other than Developer.

Section 7. The term "Conflict of Interest" shall refer to a situation where a Director faces a possible choice between that which is in the Association's best interest and that which is in the Director and/or his family members' best interest, including the following:

- (a) A transaction, decision or other matter before the Board in which the Director has a material financial interest;
- (b) A transaction, decision or other matter before the Board which may benefit or adversely impact one or more members of the Director's family to a greater extent than other Members of the Association;
- (c) A transaction, decision or other matter before the Board which may benefit or adversely impact any interest of the Director in a business which may compete with an Association operation or amenity;
- or

(d) A transaction, decision or other matter before the Board that may indirectly, but materially, benefit or adversely impact any interest of the Director in a business which is not in competition with the Association.

Section 8. A Director facing a Conflict of Interest shall make full disclosure of the Conflict of Interest to the Board and refrain from any participation in this transaction, decision or other matter at issue, including, but not limited to refraining from any activity that may lobby or influence the Association staff or the Director's fellow Board members.

Section 9. Upon the request of any Director that another Director should refrain from participation due to an alleged Conflict of Interest, unless the accused Director then chooses to voluntarily refrain, the Board of Directors, excluding both the requesting Director and the accused, shall form an Executive committee and make a conclusive determination, after notice and hearing, on whether a Conflict of Interest exists. If said Executive Committee determines that a Conflict of Interest exists, the affected Director shall refrain from participation in the transaction, decision or other matter at issue.

Section 10. Sections 7 through 9 of this Article shall be effective immediately upon approval by the Members of the By-Law Amendment enacting these provisions.

ARTICLE VIII

BOARD MEETINGS

Section 1. A regular meeting of the Board shall be held each year on the day of the annual membership meeting, following the annual membership meeting.

Section 2. Special meetings of the Board shall be held when called by any Officer of the Association or by any two (2) Directors after not less than three (3) days prior written notice, unless such notice is waived in writing by all Directors.

Section 3. The Board may act without a meeting if all of the Board shall individually or collectively consent in writing to such action. Such consent shall be filed with the minutes of the Board.

ARTICLE IX

DUTIES AND POWERS OF THE BOARD

Section 1. To exercise all powers vested in the Board under these By-Laws, the Covenants and Restrictions, and under the laws of the State of California.

Section 2. To appoint and remove all Officers of the Association and the General Manager of the Association as it sees fit.

Section 3. To appoint and remove members of the Environmental Control Committee created under the Covenants and Restrictions when the right to appoint and remove members of said Committee is vested in the Board pursuant to the Covenants and Restrictions. Each member of the Environmental Control Committee

shall hold his office until such time as he has resigned, has been removed, or his successor has been appointed by the Board.

Section 4. To appoint such agents and employ such employees, including Attorneys and Accountants, as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation.

Section 5. Subject to the provisions of the Covenants and Restrictions, to adopt and establish rules and regulations governing the use of the Community Facilities within the Development, and to take such steps as it deems necessary for the enforcement of such rules and regulations.

Section 6. To enforce all applicable provisions of the Covenants and Restrictions, these By-Laws and all other regulations relating to the control, management, and use of the Lots, Common Areas, and Community Facilities within the Development.

Section 7. Contract for and pay premiums for fire, causality, liability, and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.

Section 8. Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor and services that may be required from time to time in relation to Association property, or to the Common Areas or Community Facilities in the Development.

Section 9. Pay all taxes, special assessments and other assessments and charges which are or would become a lien on Association property, including any possessory interest tax.

Section 10. To contact for and pay for construction or reconstruction of Association Property damaged or destroyed.

Section 11. If and when the Board deems it appropriate, to lease Association Property to be operated by the lessee for the benefit of the Members, provided, however, that any such lease shall not exceed a term of five (5) years without the prior approval of the membership; provided further, however, that any such lease entered into while at least three (3) Members of the Board or Employees, Officers, Directors or Agents of the Developer, shall not exceed a term of one (1) year, without cancellation provisions being included therein with the prior approval of the membership, not including the Developer.

Section 12. If and when the Board deems it appropriate, to grant concessions to be operated, in conjunction with the use of the Community Facilities, provided, however, any such concession shall not exceed a term of five (5) years without prior approval of the membership.

Section 13. If and when the Board deems it appropriate, to delegate its duties and powers hereunder to the Officers of the Association.

Section 14. To establish and levy assessments on the Members of the Association and to collect same all in accordance with the Covenants and Restrictions, and to establish and collect

reasonable user charges all in accordance with the Covenants and Restrictions for the use of any or all of the Community Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitable allocation among the users of the cost of operation thereof.

Section 15. To perform all acts required of it under the Covenants and Restrictions.

Section 16. To maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted account principles, and at no greater than annual intervals obtain an independent audit of such books by a certified public accountant, a copy of which shall be delivered to each member within thirty (30) days after completion.

Section 17. To appoint a nominating committee for the nomination of persons to be elected to the Board, and to prescribe rules under which said nominating committee is to act.

Section 18. To appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association.

ARTICLE X

OFFICERS

Section 1. The Officers of the Association shall consist of a President, a Vice-President, a Secretary and a Treasurer. The Association may also have, at the discretion of the Board, one or more assistant Secretaries, one or more assistant Treasurers, and such other Officers as may be appointed in accordance with the

provisions of Section 3 following. One person may hold two or more offices, except that the offices of President and Secretary shall not be held by the same person.

Section 2. The Officers of the Association, except such Officers as may be appointed in accordance with the provisions of Section 3 and 5 following, shall be chosen annually by the Board, and each shall be chosen annually by the Board, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. The Board may appoint, and may empower the President to appoint, 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 are provided in the By-Laws or as the Board may from time to time determine.

Section 4. Any Officers may be removed, either with or without cause, by the Board or any Officers upon whom such power of removal may be conferred by the Board; provided, however, that no such Officers shall remove an Officers chosen by the Board. Any Officers may resign at any time by giving written notice to the Board or to the President or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

Section 6. The President shall be elected by the Board from among the Directors. He shall be the Chief Executive Officer of the Association, *and shall be* subject to the control of the Board, have general supervision, direction and control of the affairs and Officers of the Association. He shall preside at all meetings of the Board, and shall have the general powers and duties of management usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board or the By-Laws.

Section 7. The Vice-President shall be elected by the Board from among the Directors. In the absence of disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the By-Laws.

Section 8. The Secretary need not be a Director, but shall be elected by the Board of Directors. He shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors and members, with the time and place or holding same, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the

number of members present in person or by proxy at members' meeting, and the proceedings thereof. The Secretary shall keep, or cause to be kept, appropriate current records showing the members of the Association, together with their addresses. He shall give, or cause to be given, notice of all meetings of the Board required by the By-Laws or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the By-Laws.

Section 9. The Treasurer need not be a Director, but shall be elected by the Board of Directors. He shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, and disbursements. The books of account shall at all reasonable times be open to inspection by any Director or Member. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the By-Laws.

ARTICLE XI

MISCELLANEOUS

Section 1. All books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any member at the offices of the Association.

Section 2. The Board may, from time to time, employ the services of a manager 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 any of its powers under these By-Laws and the Covenants and Restrictions.

Section 3. The Association shall have a seal in circular form having within its circumference the words, "Silver Lakes Association, Incorporated September 20, 1971, State of California".

Section 4. These By-Laws may only be amended or repealed, and new By-Laws adopted, by the members by the majority vote of the total votes cast by the membership, provided however, that Article III, Section (1) and (2) shall not be amended or repealed without the affirmative vote of members having at least three-fourths (3/4) of the total votes of the membership approving such Amendment or repeal.

Section 5. Any notice or other document permitted or required to be delivered as provided herein may be delivered

either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: if to Association or the Board in care of the Secretary at the address from time to time noticed by the Secretary for the purpose of service of such notice; if to a Director, at the address from time to time given by such Director to the Secretary for the purpose of service of such notice; if to a member, at the address from time to time given by such member to the Secretary for the purpose of service of such notice, or, if no such address has been so given, to any lot or condominium within the Development owned by such member.

Section 6. Notwithstanding anything contained herein to the contrary, neither the Board, nor any Officer of the Association, shall have the power or authority to enter into any contract with the Developer which will bind the Association for a term in excess of one (1) year, unless there is a provision in said contract for cancellation by the Association after one (1) year, upon giving Developer not more than sixty (60) days prior written notice.

ARTICLE XII

MISCELLANEOUS

Section 1. The Board of Directors shall be permitted to enact a fine schedule for the enforcement of the Declarations of the Covenants and Restrictions and Rules and Regulations of the Association.

Section 2. The fine schedule shall be set forth in the Rules and Regulations of the Association, and may be amended by the Board from time to time in the same manner as all other rules and regulations of the Association.

Section 3. The fines shall be established only by the Board of Directors, and shall be in an amount which reasonably represents the cost to the Association for the enforcement of the provision of the Declaration of Covenants and Restrictions or Rules and Regulations which the fine represents.

Section 4. The Board of Directors shall delegate to the Administration of the Association the right to impose fines upon violators of the Covenants and Restrictions and Rules and Regulations of the Association, in accordance with said fine schedule.

Section 5. Any fine imposed upon any member of the Association shall become a special assessment in accordance with Declaration 12.c. of the Covenants and Restrictions, and may then be enforced as provided in Declaration 14 of the Covenants and Restrictions.

Section 6. Upon the imposition of any such special assessment, the member shall be notified of that special assessment by its inclusion on the next monthly notice of assessment; and, shall be afforded the opportunity to be heard by the Board with respect to that special assessment at the next regularly scheduled meeting of the Board of Directors.

Section 7. No Director or Officer shall receive any salary, compensation or remuneration of any kind for his services as such

Officer or Director. No Director or Officer shall be hired to serve the Association as agent, counsel, or any other capacity other than as such Director or Officer. Director or Officer performing official business for the Association shall be allowed maximum of \$.15 per mile travel allowance; and per diem and expenses in an amount equal to presented paid bills, subject to approval as specified by the Board of Directors. No Director or Officer shall receive any travel allowance or per diem for traveling to or from Board of Directors meetings.

The listed Article of Incorporation of the Silver Lakes Association were amended on the following dates by resolution of the Board of Directors:

Article III in full on December 23, 1971.

Article V in full on December 23, 1971.

Article VI in full on December 23, 1971.

Article II (b) in full March 3, 1975.

Article III (a) in full on March 3, 1975.

The amendments were approved by the written consent of the majority of the membership.

The listed By-Laws of the Silver Lakes Association were amended on the following dates by vote of the membership:

Article I, Section 4 in full on March 3, 1975.

Article I, Section 5 (1) (2) in part March 3, 1975.

Article I, Section 7 (4) (5) in full March 3, 1975.

Article I, Section 19, deleted on December 22, 2000.

Article IV, Section 2, Section 3, on March 25, 1981.

Article IV, Section 5 in part on May 1, 1982.

Article V, Section 1 in full on March 3, 1978.

Article V, Section 1 in part on May 1, 1982.

Article V, Section 2 in full on May 1, 1982.

Article V, Section 3 in full on March 25, 1981.

Article V, Section 6 (addition) on May 1, 1982.

Article VI, Section 1 in full on March 25, 1981.

Article VI, Section 5, in part February 7, 2015.

Article VII, Section 1 in part on March 7, 1983.

Article VII, Section 1, in part February 8, 1997.

Article VII, Section 3 in full on March 25, 1981.

Article VII, Section 4 in full on March 25, 1981.

Article VII Section 1, and Section 7 by a majority vote of the membership on February 8, 1997.

Article VII, Section 7, added in full on February 8, 1997.

Article XI, Section 4 in full on March 25, 1981.

Article XI, Section 5 in full on March 3, 1975.

Article XI, Section 7 (addition) on April 18, 1979.

Article XI, Sections, 1,2,3,4,5,6,7, changed to

Article XII, Sections 1,2,3,4,5,6,7 on March 2, 1985.

Article XI, Sections 1,2,3,4,5,6 added in full on March 2, 1985.

Amended & Restated Article of Incorporation of Silver Lakes Association, April 19, 1989.

Amended & Restated Article VII Section 1 and Section 7 by a majority vote of the membership on February 8, 1997.