

**FIRST AMENDED AND RESTATED
BYLAWS OF EL RIO MOBILE HOME PARK COOPERATIVE, INC.**

DRAFT as of 9/4/18

(_____, 2018)

NOTE: The Board has submitted questions to the attorneys drafting these Bylaws regarding Sections 7.2 (Standing Committees) 4.7 (Transfer of Membership) and 4.9(k) Delinquent Assessments. Section 4.9(k) is mirrored in Section 16(k) of the Occupancy Agreement.

Dependent upon their response, there may be additional language changes to these sections.

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BYLAWS OF EL RIO MOBILE HOME PARK COOPERATIVE

ARTICLE 1. DEFINITIONS

Section 1.1 Definitions. The following defined terms have the meanings indicated in this Section.

- (a) "ADR" shall have the meaning set forth in Section 17.3.
- (b) "Annual Budget and Report" shall have the meaning set forth in Section 10.3.
- (c) "Annual Policy Statement" shall have the meaning set forth in Section 10.4.
- (d) "Articles of Incorporation" shall mean the Articles of Incorporation of the Cooperative filed with the California Secretary of State October 23, 1987, as may be amended from time to time.
- (e) "Assessments" shall mean the Regular Assessments, Special Assessments, and Individual Special Assessments.
- (f) "Association Records" shall mean any financial document or statement required to be provided to a Member; interim financial statements containing a balance sheet, an income and expense statement, a budget comparison, or a general ledger; executed contracts not otherwise privileged under law; written board approval of vendor or contractor proposals or invoices; state and federal tax returns; reserve account balances and records of payments made from reserve accounts; agendas and minutes of meetings of the members, the board, and any committees appointed by the board pursuant to Section 5212 of the Corporations Code; excluding, however, minutes and other information from executive sessions of the Board described in Section 6.13; membership lists, including name, property address, and mailing address, but not including information for members who have opted out pursuant to Section 9.7; check registers; the governing documents as defined in this Article; an accounting prepared pursuant to subsection (b) of Section 5520 of the Civil Code (Article 12); and an enhanced association record as defined in subsection (b) of Section 5200 of the Civil Code.
- (g) "Board" or "Board of Directors" shall mean the board of directors of the Cooperative.
- (h) "Bylaws" shall mean these Bylaws.
- (i) "CHRP-R Regulatory Agreement" shall mean that certain Regulatory Agreement – Number 91-HRL-M-001 California Housing Rehabilitation Program – Rental Component dated March 31, 1993 by and between HCD and the Cooperative.
- (j) "Civil Code" shall mean the California Civil Code.

- (k) "Cooperative" shall have the meaning set forth in Article 2.
- (l) "Cooperative Equity" shall have the meaning set forth in Section 4.7(e).
- (m) "Corporations Code" shall mean the California Corporations Code.
- (n) "Declaration" shall mean the Cooperative's Declaration of Conditions, Covenants, and Restrictions dated _____ and recorded as document number _____ in the Santa Cruz County Recorder's office on _____.
- (o) "Default" shall have the meaning set forth in Section 4.9.
- (p) "Default Notice" shall have the meaning set forth in Section 4.10(a).
- (q) "Delinquent Payment Date" shall have the meaning set forth in Section 4.9(k).
- (r) "Director" shall mean a person serving on the Board of Directors and as further defined in Section 6.1.
- (s) "Effective Termination Date" shall mean the effective date of the termination of Membership as set forth in the Member Termination Notice or the Hearing Determination Letter.
- (t) "Election Rules" shall mean the election rules adopted by the Cooperative, in accordance with Civil Code Section 5100 et seq., as may be amended from time to time. A copy of the Election Rules can be obtained from the Park's management.
- (u) "Eligible Purchaser" shall mean a household at or below eighty percent (80%) of median income in Santa Cruz County, as published annually by HCD, and as adjusted for actual household size. In the event HCD no longer publishes such income determinations, "Median Income" shall mean the median income, adjusted for household size, as determined by the County of Santa Cruz using a method similar to that used by HCD.
- (v) "Emergency Meeting" shall have the meaning set forth in Section 6.12(c).
- (w) "General Delivery" or "General Notice" shall mean delivery by one or more of the following methods: (1) any method provided for delivery of an Individual Notice, as defined below; (2) inclusion in a billing statement, newsletter, or other document that is delivered by one of the methods provided in this Section; (3) posting the printed document in a prominent location that is accessible to all members, if the location has been designated for the posting of general notices by the Cooperative in the Annual Policy Statement, prepared pursuant to Section 5310 of the Civil Code; (4) if the Cooperative broadcasts television programming for the purpose of distributing information on Cooperative business to its

members, by inclusion in the programming. Notwithstanding this definition, if a Member requests to receive general notices by Individual Delivery, all general notices to that Member, given under this Section, shall be delivered pursuant to Section 4040 of the Civil Code. The option provided in this subdivision shall be described in the Annual Policy Statement, prepared pursuant to Section 5310 of the Civil Code.

(x) "Good Standing" shall have the meaning set forth in Section 5.12(a).

(y) "Governing Instruments" shall mean the Articles of Incorporation, Bylaws, Regulatory Agreements and Declaration.

(z) "HCD" shall mean the California Department of Housing and Community Development.

(aa) "HCD Regulatory Agreement" shall mean that certain Regulatory Agreement by and between HCD and the Cooperative dated February 19, 1988 and recorded as document number 009251 in the Santa Cruz County Recorder's Office.

(bb) "Health and Safety Code" shall mean the California Health and Safety Code.

(cc) "Hearing" shall have the meaning set forth in Section 4.10(b)(1).

(dd) "Hearing Determination Letter" shall have the meaning set forth in Section 4.10(b)(4).

(ee) "HOME Regulatory Agreement" shall mean that certain HOME Investment Partnerships Program Regulatory Agreement recorded on August 03, 2000 as document number 2000-0037485 by and between the Cooperative and the City of Santa Cruz, California.

(ff) "Individual Delivery" or "Individual Notice" shall mean delivery by one of the following methods: (1) first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier, addressed to the recipient at the address last shown on the books of the Cooperative; or (2) e-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.

(gg) "Individual Special Assessments" shall mean the individual special assessments levied by the Board pursuant to the Bylaws and due from the Member to the Cooperative pursuant to Section 11.6 of this Agreement.

(hh) "Joint Member" shall mean a Member who holds a Joint Membership.

(ii) "Joint Membership" shall have the meaning set forth in Section 4.1.

- Agreement.
- (jj) "Manager" shall have the meaning set forth in the Occupancy Agreement.
 - (kk) "Material Default" shall have the meaning set forth in Section 4.9(k).
 - (ll) "Meet and Confer Program" shall have the meaning set forth in Section 17.2.
 - (mm) "Meeting" shall have the meaning set forth in Section 6.13(a).
 - (nn) "Member" shall mean a member owning a share (or a portion of a share if a Joint Member) of the Cooperative and as further set forth in Article 4. When the context applies, "Member" shall also include a Joint Member.
 - (oo) "Member Equity(ies)" shall have the meaning set forth in Section 4.7 (d)(2).
 - (pp) "Membership" shall mean a membership share in the Cooperative.
 - (qq) "Membership Certificate" shall have the meaning set forth in Section 4.4.
 - (rr) "Membership Termination Notice" shall have the meaning set forth in Section 4.10(b)(1).
 - (ss) "Mobile Home" shall mean a manufactured home, park model or similar type of dwelling approved by the Cooperative for placement on a Space.
 - (tt) "MRL" shall mean the California Mobilehome Residency Law.
 - (uu) "Natural Person" shall mean an individual human being.
 - (vv) "Notice of Assessment" shall have the meaning set forth in Section 11.3.
 - (ww) "Occupancy Agreement" shall mean the occupancy agreement that is entered into by the Cooperative and each Member governing the Member's right to occupy a Space in the Park, as may be amended from time to time by the Board. See also, Article 19.
 - (xx) "Operating Rules" shall mean the rules adopted by the Board of Directors that apply to the management and operation of the Park and the business and affairs of the Cooperative. The Operating Rules shall be in writing, reasonable, and permitted by the Articles of Incorporation and the Bylaws. Certain Operating Rules are governed by Article 18 of these Bylaws. A copy of the current Operating Rules is attached to the Occupancy Agreement.

(yy) "Park" shall mean the El Rio Mobile Home Park.

(zz) "Primary Residence" shall mean the Member or Joint Member physically occupies their Mobile Home greater than half of each calendar year and uses their Mobile Home address to: (1) register with the Santa Cruz County Assessor to receive a Homeowner's Exemption; and (2) register with the California Department of Motor Vehicles or the Santa Cruz County Elections Department. The Board may make exceptions case by case basis for Members whose work or travel may cause them to be gone from their Mobile Home 51% of the year or more. Members must request such exception in advance.

(aaa) "Principal Office" shall have the meaning set forth in Article 2.

(bbb) "Record Date" shall be the date set by the Board to determine Members entitled to vote, to receive notice of meetings, to receive written ballots or to exercise any rights in any lawful manner. The Record Date shall mean as of close of business on the date set by the Board. A person holding Membership as of the close of business on the Record Date shall be deemed the Member of record.

(ccc) "Regular Assessments" shall mean the monthly amount due from the Member to the Cooperative pursuant to the Occupancy Agreement and Section 11.2 of this Agreement.

(ddd) "Regulatory Agreements" shall mean the HCD Regulatory Agreement, the HOME Regulatory Agreement and the CHRP-R Regulatory Agreement.

(eee) "Separate Interest" shall mean the exclusive right to occupy a portion of the Park.

(fff) "Space" shall mean the portion of land in the Park allocated for placement of a Member's Mobile Home pursuant to an Occupancy Agreement.

(ggg) "Special Assessments" shall mean the special assessments levied by the Board pursuant to Section 11.4 of the Bylaws and due from the Member to the Cooperative pursuant to Article 3 of the Occupancy Agreement.

(hhh) "Suggested Hearing Date and Time" shall have the meaning set forth in Section 4.10(b)(1).

(iii) "Termination Notice Response" shall have the meaning set forth in Section 4.10(b)(1).

(jjj) "Transfer Value" shall have the meaning set forth in Section 4.7 (d).

(kkk) "3-Day Notice to Pay or Quit" shall have the meaning set forth in Section 4.9(k).

ARTICLE 2. NAME AND LOCATION

The name of this corporation is El Rio Mobile Home Park Cooperative, Inc., a California nonprofit public benefit corporation ("Cooperative"). The principal office for the transaction of the business of the Cooperative ("Principal Office") is located at 2120 North Pacific Avenue in the City of Santa Cruz, Santa Cruz County, California, 95060. The Directors may change the Principal Office from one location to another within the City of Santa Cruz.

ARTICLE 3. PURPOSE

The purpose of the Cooperative is to provide housing for low and moderate-income persons as a limited equity cooperative, and consistent with the provisions set forth in the Articles of Incorporation.

ARTICLE 4. MEMBERSHIP

Section 4.1 Eligibility. Any Natural Person(s) eighteen (18) years of age or older and of good character and dedicated to the purposes of this organization who qualifies as an Eligible Purchaser, approved by the Board of Directors shall be eligible for Membership, provided that they execute an Occupancy Agreement in the usual form used by the Cooperative covering a specific Space owned by the Cooperative in the Park, and provided that they will be the registered owner(s) of a Mobile Home within the Park and intend(s) to, and continue(s) at all times to, occupy the Mobile Home as his/her/their Primary Residence. For purposes of these Bylaws, the term Natural Person shall be limited to Natural Persons and trusts in which the trustee or the beneficiary is a Natural Person. Whether or not Membership in the Cooperative is held by a trust, occupancy rights connected to the Membership shall be limited to Natural Persons.

A Membership may be held jointly by two (2) Natural Persons in the same household provided that the Joint Members' household qualifies as an Eligible Purchaser (the "Joint Membership"). As set forth in the Corporations Code Section 5612, a Joint Membership shall only have one vote. An existing Member may convert their Membership to a Joint Membership so long as the Joint Members would qualify as an Eligible Purchaser, and so long as the Cooperative's procedure for adding a new Joint Member is followed. If one of the Joint Members fails to occupy the Mobile Home as their Primary Residence, or otherwise no longer desires to be a Joint Member, the Joint Membership certificate shall be surrendered and a new Membership Certificate will be issued to the remaining holder(s) of the Joint Membership without having to re-qualify as an Eligible Purchaser.

A household need only qualify as an Eligible Purchaser at the time of application for Membership or Joint Membership. If the household income increases after Membership or Joint Membership has been approved, the Member's Membership will not be revoked based on failure to qualify as an Eligible Member.

Section 4.2 Application for Membership. Applications for Membership shall be presented to a Director or agent of the Board of Directors on a form provided by the Board of Directors and all such applications shall be acted upon promptly by the Board of Directors or a committee of the Board of Directors.

Section 4.3 Members. The Members shall consist of such Natural Persons who have been approved by the Board of Directors and who have paid for their Membership share, submitted required documentation, and received Membership Certificates. The authorized Memberships of the Cooperative shall be equal to the number of Spaces within the Park.

Section 4.4 Membership Certificates. Each membership certificate ("Membership Certificate") issued shall contain the following; provided, however, that any Membership Certificate issued prior to the approval of these amended and restated Bylaws by the Board that does not incorporate the requirements listed below shall remain in full force and effect:

(a) A statement that the Cooperative is a duly organized nonprofit public benefit corporation.

(b) A statement that the Cooperative's Articles of Incorporation and Bylaws will be furnished to each Member upon request made to the Cooperative's office at the address set forth in Article 2 of these Bylaws.

(c) A statement that transfer of Membership Certificates is restricted, as set forth in the Bylaws.

(d) A statement that the Cooperative may levy Assessments and dues on Memberships in the manner set forth in these Bylaws.

(e) If the Member is required to contribute services to the Cooperative, a statement to that effect, which also specifies the amount and nature of the services to be contributed.

(f) A statement that a copy of the restrictions on transferability of Membership and the conditions under which the Cooperative can levy Assessments can be obtained upon request, free of charge, from the Cooperative's office at the address as set forth in Article 2 of these Bylaws.

Membership Certificates shall be consecutively numbered, and shall be issued therefrom upon certification as to full payment for the Membership plus submission of Mobile Home registration or title. Every Membership Certificate shall be signed by either the President or Vice President and either the Secretary or the Treasurer, and shall be sealed with the corporate seal.

Section 4.5 Lost Certificates. The Board of Directors may direct a new Membership Certificate to be issued in place of any Membership Certificate(s) previously issued by the Cooperative and alleged to be destroyed or lost. Upon issuance, the replacement Membership Certificate shall automatically render the alleged destroyed or lost Membership Certificate(s)

void. In no case shall any Member be recognized as holding more than one valid Membership Certificate reflecting their share in the Cooperative. As a condition of issuance of a replacement Membership Certificate, the registered Membership Certificate holder will be required to provide a signed, notarized statement attesting that the original certificate was lost or destroyed and agreeing to the terms of the re-issuance.

Section 4.6 Lien. The Cooperative shall have a lien on the outstanding Membership in order to secure payment of any sums which shall be due or become due from the holders thereof for any reason whatsoever, including any sums due under the Occupancy Agreement.

Section 4.7 Transfer of Membership. Except as provided herein, Membership shall not be transferable and, in any event, no transfer of Membership shall be made upon the books of the Cooperative within ten (10) days next preceding the annual meeting of the Members. In all transfers of Membership the Cooperative shall be entitled to a fee it deems appropriate to compensate it for the processing of the transfer, which fee shall not exceed the Cooperative's actual costs associated with processing of the transfer.

(a) Option of Cooperative to Purchase. If the Member desires to leave the Cooperative, they shall notify the Cooperative in writing of such intention and the Cooperative shall have an option for a period of sixty (60) days commencing with the first (1st) day of the month following the giving of such notice, but not the obligation, to purchase the Membership, together with all of the Member's rights with respect to occupancy of a Space within the Park, at an amount no greater than the Transfer Value, less any amounts due by the Member to the Cooperative under the Occupancy Agreement, and less the cost or estimated cost of all deferred maintenance, repairs and replacements as are deemed necessary by the Cooperative to place the Space in suitable condition for another occupant. In the case of a Member who occupies a Space and has notified the Cooperative of their intention to vacate the Park, in the event the Cooperative notifies the Member of the Cooperative's exercise of its option to purchase the Membership within the sixty (60) day option period, the transfer of the Membership to the Cooperative shall be effective upon the termination of the departing Member's obligations to the Cooperative under the terms of the Occupancy Agreement. The purchase by the Cooperative of the Membership will immediately terminate the Member's rights and the Member shall forthwith vacate the premises.

(b) Procedure Where Cooperative Does Not Exercise Option. If the Cooperative waives in writing its rights to purchase the Membership under the foregoing option, or if the Cooperative fails to exercise such option within the sixty (60) day period, the Member may sell their Membership to any Natural Person who has been duly approved by the Cooperative for Membership and occupancy for an amount no greater than the Transfer Value. No transferee shall be approved until the selling Member has remedied any unresolved violations of the Governing Instruments, Occupancy Agreement, or Operating Rules, including any code violations or unapproved space alterations. When the transferee has been approved for Membership and has executed the prescribed Occupancy Agreement, the retiring Member shall be released of their obligations under their Occupancy Agreement, providing they have paid all amounts due the Cooperative to date. The Member shall forthwith vacate the premises. Notwithstanding the above, the Member's obligations to the Cooperative under

the terms of the Occupancy Agreement shall not terminate until a new Member is approved for Membership by the Cooperative and executes an Occupancy Agreement for the Space being vacated by the departing Member.

(c) Death of a Member. Upon the death of a Member and during the probate administration of their estate, the voting rights and other rights of the deceased Member to participate in the affairs of the Cooperative shall be suspended. The rights of any surviving Joint Member shall not be suspended. Any other heir of the Member's estate shall not succeed to any such rights of Membership.

If, upon the death of a Member, their Membership in the Cooperative passes by will or intestate distribution to a legatee or distributees, such legatee or distributees may, by assuming in writing the terms of the Occupancy Agreement between the Cooperative and the deceased Member within sixty (60) days after the Member's death, and paying all amounts due thereafter, become a Member of the Cooperative, provided the Board of Directors approves the legatee or distributee as a Member. If a Member dies and an obligation is not assumed in accordance with the foregoing, and/or the Board of Directors fails to approve the legatee or distributee as a Member, then the Membership shall be sold pursuant to the provisions of paragraphs (a) and (b) above, the references to "Member" therein to be construed as references to the legal representative of the deceased Member.

Should the Membership pass to a trust for the benefit of a beneficiary, the beneficiary may become a Member of the Cooperative in the same manner as a legatee or distributee.

If a Member dies and the option described above is not exercised in accordance with the foregoing requirements, the Cooperative shall have an option to purchase the deceased Member's ownership interest from his or her estate in the manner provided in paragraph (a) of this Section. If the Cooperative does not exercise its option, the provisions of paragraph (b) of this Section shall be applicable, the references to "Member" in that paragraph to be construed as references to the legal representative of the deceased Member.

(d) Transfer Value. The term "Transfer Value" shall mean the sum of the following:

(1) The consideration (i.e., cash investment) paid for the Membership share by the first owner of the Membership as shown on the books of the Cooperative; plus

(2) The amount computed at the rate of three percent (3%) annual interest on the initial cash investment paid for the Membership by the first owner of the Membership. Said transfer value shall hereinafter be referred to as "Member Equity"; plus

(3) The value, as determined by the Board of Directors, of any improvements to the Space, such as fences, paving, and free-standing decks; provided that such improvements were installed with the pre-approval of the Board of Directors at the expense of the Member, and shall exclude the actual value of the Mobile Home.

(e) Cooperative Equity. In the event the actual equity (market value less encumbrances) of the Cooperative exceeds the aggregate of the Member Equities, that amount (hereinafter referred to as "Cooperative Equity") may be used as herein set forth. By a vote of two-thirds (2/3) of the entire Membership of record, the Cooperative Equity may be used for the following purposes only:

- (1) For the benefit of the Cooperative or the improvement of the real property.
- (2) For expansion of the Cooperative by acquisition of additional real property.
- (3) For public benefit or charitable purposes.

Under no circumstances may the Cooperative Equity be assigned to or become a component of Member Equity. Upon sale of the property, dissolution of the Cooperative, or occurrence of a condition requiring termination of the trust or revision of title to real property, the Cooperative Equity must be paid out, or title to the property transferred, subject to outstanding encumbrances and liens and to the Transfer Value of Membership interests or shares, for use for the public or charitable purpose of providing or producing low and moderate income housing by the City of Santa Cruz or a public or nonprofit public benefit entity designated by the City of Santa Cruz.

(f) Documents to be Provided to Prospective Purchasers. At a minimum, the selling Member (or the Cooperative and/or its managing agent if the Cooperative is selling the Membership) shall provide the following documents listed below to prospective purchasers of the Membership. However, upon the selling Member's written request, the Cooperative and/or its managing agent shall, within ten (10) days of receipt of the request, provide the following documents listed below to the selling Member or to prospective purchasers of the Membership. In such an instance, the Cooperative may collect a reasonable fee from the selling Member based on the Cooperative's actual cost for the procurement, preparation, reproduction, and delivery of the documents requested pursuant to this Section.

- (1) A copy of the Occupancy Agreement and Governing Instruments;
- (2) A copy of the Cooperative's most recent financial statement and all other documents distributed in the most recent year by the Cooperative to its Members pursuant to Article 10;
- (3) A statement from an authorized representative of the Cooperative as to the amount of the Cooperative's current Assessments, the amount of any unpaid Assessments owed by the departing Member, and the amounts of any pending increases in Assessments, any unpaid monetary fines or penalties levied upon the Member's interest. The statement shall also provide information on the late charges, interest, and costs of collection which the Cooperative may include in a lien against Membership interests and shall summarize

the Cooperative's policies and practices in enforcing lien rights or other legal remedies for default in payment of Assessments by Members;

(4) A copy of any notice sent by the Board of Directors to the selling Member that sets forth any alleged violation of the Governing Instruments, the Occupancy Agreement, or the Operating Rules, including any code violations or unapproved space alterations that remains unresolved at the time of the request;

(5) A statement of any restrictions on rental or leasing of a Member's Mobile Home;

(6) If requested by the prospective purchaser, a copy of the approved minutes of Board meetings, excluding meetings held in executive session, for the previous twelve (12) months;

(7) Any change in the Assessments and fees which have been approved by the Board of Directors, but have not become due and payable as of the date of disclosure;

(8) Construction defect information, if any, as required by Civil Code Sections 4525 and 6100.

Section 4.8 Transfer/Removal of Mobile Home. The Member may sell their Mobile Home to the same party to whom the Membership is sold. If the Cooperative purchases the Membership, it must also purchase the Mobile Home at the fair market value (as determined by an appraisal performed by an appraiser selected by the Cooperative and approved by the Member). If the departing Member chooses not to sell the Mobile Home, the departing Member shall remove their Mobile Home from the Space upon termination of Membership. If the departing Member fails to remove the Mobile Home after their Membership has been terminated, the Mobile Home will be deemed an abandoned mobilehome as of the first (1st) day the Mobile Home is vacated after the Membership is terminated. The Cooperative may then follow the rules set forth in the California Mobilehome Residency Law for abandoned Mobile Homes (Civil Code Section 798.61), including the thirty (30) day posting requirement, to facilitate the removal of the Mobile Home.

Section 4.9 Cause for Termination of Membership and Tenancy of Space. There exists a landlord/tenant relationship between the Cooperative and Member, and in the event of a breach or threatened breach by the Member of the provisions of any of the Governing Instruments, the Operating Rules or the Occupancy Agreement, there shall be available to the Cooperative such legal remedies as are available to a landlord for a breach or threatened breach under the law by a tenant, including specific performance. The occurrence of one or more of the actions listed below shall constitute a default ("Default") by the Member, which may result in the Cooperative terminating a Member's Membership and repossessing the Space pursuant to the process set forth in Section 4.10 below.

(a) The Member ceases to be the owner and legal holder of a Membership of the Cooperative.

(b) The Member voluntarily files or has involuntarily filed against him/her any petition of bankruptcy or insolvency or the Member makes a general assignment of the Membership or the Membership certificate for the benefit of creditors.

(c) The Member's Mobile Home is foreclosed upon.

(d) A receiver is appointed to the Member's property under any of the laws of the United States or of any state.

(e) The Membership owned by the Member is duly levied upon and sold under the process of any Court.

(f) Failure of the Member or other resident of the Member's Mobile Home to comply with a local ordinance or state law or regulation relating to Mobile Homes within a reasonable time after the Member or other resident receives a notice of noncompliance from the appropriate governmental agency or the Cooperative.

(g) Conduct by the Member or other resident of the Member's Mobile Home, upon the Park premises, which constitutes a substantial annoyance to other Members or residents.

(h) The Member fails to pay any charge which, if not paid, could become a lien against the Park.

(i) The Member fails to comply with the Governing Instruments, the Operating Rules or the Occupancy Agreement, including occupying their Mobile Home as their Primary Residence.

(j) The Member fails to truthfully and/or adequately disclose information which is relevant and material to Member's compliance with the terms and conditions of the Governing Instruments, the Operating Rules or this Occupancy Agreement. The Member's duty to truthfully disclose applies to all information relevant and material from the initial application and includes a continuing duty to provide current information of any change in circumstance.

(k) The Member fails to pay Assessments and associated fees, utility charges, property taxes, or reasonable incidental service charges; provided that the amount due has been unpaid for a period of at least fifteen (15) days from its due date (the "Delinquent Payment Date"). As early as three (3) days before the Delinquent Payment Date, the Member shall be given a three (3) day written notice to pay or quit (the "3-Day Notice to Pay or Quit"), which shall state the amount due and specify that the Member has three (3) days to pay the amount due or shall vacate the Park. The 3-Day Notice to Pay or Quit shall be in lieu of the Default Notice described in Section 4.10(a), below, and shall be given to the Member in the manner prescribed by Section 1162 of the California Code of Civil Procedure. Upon receipt of a 3-Day Notice to Pay or Quit, a Member has three (3) calendar days in which

they may request a meeting pursuant to the Meet and Confer Program. If the Member does not timely request a meeting pursuant to the Meet and Confer Program and does not cure the Default within the time frame set forth in the 3-Day Notice to Pay or Quit, the Default shall be considered a material default ("Material Default") and the Member's Membership may be terminated and the Member will be required to vacate the Park in accordance with the procedures set forth in Section 4.10. If the Member does timely request a meeting pursuant to the Meet and Confer Program but a resolution is not agreed upon through the Meet and Confer Program, the Cooperative shall offer ADR (as defined in Section 17.3), when feasible, pursuant to the process described in Article 17 of these Bylaws. If the Member does not timely accept the Cooperative's offer to engage in ADR or if a resolution is not agreed upon through ADR, the Default shall be considered a Material Default and the Member's Membership may be terminated and the Member will be required to vacate the Park in accordance with the procedures set forth in Section 4.10.

Within ten (10) days after the 3-Day Notice to Pay or Quit has been delivered to the Member, unless the Member has cured the Default, a copy of the 3-Day Notice to Pay or Quit shall also be sent to any individual or entity with a security interest in the Mobile Home, as specified in Civil Code Section 798.55(b).

(1) Payment by the Member prior to the expiration of the 3-Day Notice to Pay or Quit shall cure a Default under this subsection. In the event the Member does not pay prior to the expiration of the 3-Day Notice to Pay or Quit, the Member will be in Material Default and shall remain liable for all payments due up until the time the Membership and tenancy are terminated and a new Member has replaced the defaulting Member.

(2) Payment by the legal owner, any junior lien holders or the registered owner on behalf of the Member prior to the expiration of thirty (30) calendar days following the mailing of the 3-Day Notice to Pay or Quit to the legal owner, each junior lien holder, and the registered owner, as provided in Civil Code Section 798.55(b), shall cure a Default under this subsection with respect to that payment.

Section 4.10 Procedure Upon Default.

(a) Procedure Upon Default and Determination of Material Default. Upon the occurrence of a Default, other than a Default pursuant to Section 4.9 (k) for failure to pay Assessments and associated fees, utility charges, property taxes, or reasonable incidental service charges which shall be governed by that section, the Cooperative shall provide written notice to the Member (the "Default Notice") stating the basis of the Default, setting forth a reasonable deadline by which the Default must be cured, and offering to meet and confer with the Member pursuant to the Meet and Confer Program described in Article 17 of these Bylaws. The Default Notice shall be given by Individual Delivery. The Member shall have seven (7) calendar days from the date of actual receipt of the Default Notice (if given by mail, actual receipt shall be presumed to be five (5) days after mailing; posting on the door of the Mobile Home shall be considered actual notice) within which to accept Cooperative's offer to meet and confer pursuant to the Meet and Confer Program. If the Member does not timely accept the Cooperative's offer to participate in the Meet and Confer Program and does not

cure the Default within the time frame set forth in the Default Notice, the Default shall be considered a Material Default and the Member's Membership may be terminated and the Member may be required to vacate the Park. If the Member timely accepts the Cooperative's offer to participate in the Meet and Confer Program but a resolution is not agreed upon, the Cooperative shall offer ADR, when feasible, pursuant to the process described in Article 17 of these Bylaws. If the Member does not timely accept the Cooperative's offer to engage in ADR or if a resolution is not agreed upon through ADR, the Default shall be considered a Material Default and the Member's Membership may be terminated and the Member may be required to vacate the Park.

(b) Membership Termination Proceedings. Upon a Member's Material Default, the Cooperative may terminate a Member's rights under this Agreement pursuant to the procedures set forth below:

(1) The Member shall be provided with a written notice (the "Membership Termination Notice") of the proposed termination, at least fifteen (15) calendar days prior to the proposed Effective Termination Date. The Membership Termination Notice shall contain:

- (i) A statement of the reasons for the termination;
- (ii) The Effective Termination Date;
- (iii) An explanation of the Member's right to address the Cooperative, either orally or in writing, at a hearing (the "Hearing") to be held by a committee appointed by the Board comprised of five (5) members, two (2) of whom shall be members of the Board and three (3) others whom shall be impartial, disinterested persons who were not involved in the original decision to seek termination and who may or may not be residents of the Park;
- (iv) A suggested date and time for the Hearing, which shall be no fewer than five (5) days before the Effective Termination Date (the "Suggested Hearing Date and Time"); and
- (v) the name and address of the person to whom the Termination Notice Response (as defined below) should be addressed.

The Membership Termination Notice shall be given by Individual Delivery. The Member shall have seven (7) calendar days from the date of actual receipt of the Member Termination Notice (if given by mail, actual receipt shall be presumed to be five (5) days after mailing; posting on the door of the Mobile Home shall be considered actual receipt) within which to provide, in writing, confirmation to proceed with the Hearing on the Suggested Hearing Date and Time or, if such date and time do not work for the Member, to provide three alternative dates and times, which dates shall be within five (5) calendar days of the Suggested Hearing Date and Time (the "Termination Notice Response "). The Termination Notice Response shall be provided to the person or entity specified in the Membership Termination Notice at the address specified in the Membership Termination Notice. The Termination Notice Response may also request that such Hearing take place in an executive session of the Board. Failure to

respond in writing to the Membership Termination Notice as provided in this paragraph within seven (7) calendar days of actual receipt of the Membership Termination Notice shall be deemed a waiver of the Hearing and the Member's Membership termination shall be effective as of the Effective Termination Date.

(2) If the Member provides a Termination Notice Response, a second notice confirming the date and time of the Hearing, as well as the location and procedures governing the Hearing, shall immediately be delivered to the Member and the Effective Termination Date set forth in the Notice of Termination shall no longer be applicable.

(3) The Hearing shall afford the Member the basic safeguards of due process which shall include, but not necessarily be limited to:

(i) At the expense of the Member, the right to examine and copy, prior to the Hearing, all documents and records of the Cooperative that are relevant to the Hearing and not privileged;

(ii) The right of the Member to be represented by counsel or other person chosen as their representative;

(iii) The right to present evidence and arguments in support of their position, to controvert evidence relied on by the Cooperative, and to confront and cross-examine all witnesses testifying at the Hearing; and

(4) Within seven (7) calendar days after the Hearing, the committee shall prepare a written decision detailing the disciplinary action or termination (including the new Effective Termination Date), together with supporting reasons (the "Hearing Determination Letter"). The committee's decision to terminate a Membership requires at least four (4) affirmative votes of the members of the committee. A copy of the Hearing Determination Letter shall be served on the Member in the same manner as the Membership Termination Notice.

(5) If a Membership is terminated pursuant to a Hearing Determination Letter, or if the Member fails to submit a Termination Notice Response pursuant to a Notice of Termination, Member shall deliver to the Cooperative their Membership certificate and Occupancy Agreement endorsed in such manner as may be required by the Cooperative, and vacate the Park by the Effective Termination Date. If the Member does not deliver their Membership certificate and vacate the Park as required, the Cooperative may initiate unlawful detainer proceedings, pursuant to Civil Code Section 789 et seq.

(6) Upon the surrender of a Membership certificate and Occupancy Agreement by the Member, the Cooperative shall thereupon, at its election, either: (i) purchase the Membership; or (ii) proceed with reasonable diligence to affect a sale of the Membership to a purchaser at a sales price acceptable to the Cooperative. The retiring Member shall be entitled to receive the Transfer Value, less: any amounts due to the Cooperative from the Member under the Occupancy Agreement or otherwise; the cost or estimated cost of all deferred maintenance, repairs and replacements as are deemed necessary by the Cooperative to place the Space in

suitable condition for another occupant; and legal and other expenses incurred by the Cooperative in connection with the default of such Member and the resale of their Membership.

(7) In the event the retiring Member for any reason should fail for a period of ten (10) days after demand to deliver to the Cooperative their endorsed Membership Certificate, said Membership Certificate shall forthwith be deemed to be cancelled and may be reissued by the Cooperative to a new purchaser.

(8) Nothing in this Article shall waive or destroy the Cooperative's lien remedy rights established in these Bylaws and Civil Code Section 5650 et seq. for defaults for failure to timely pay Assessments.

(9) The Member hereby expressly waives any and all right of redemption in case they shall be dispossessed by judgment or warrant of any court or judge; the words "enter," "re-enter," and "re-entry," as used in these Bylaws are not restricted to their technical legal meaning, and in the event of a breach or threatened breach by the Member of any of the covenants or provisions hereof, the Cooperative shall have the right of injunction and the right to invoke any remedy allowed at law or in equity, as if re-entry, summary proceedings, and other remedies were not herein provided for.

(10) The failure on the part of the Cooperative to avail itself of any of the remedies specified herein shall not waive or destroy the right of the Cooperative to avail itself of such remedies for similar or other breaches on the part of the Member.

(11) The Cooperative will extend a right to sell the Mobile Home within an expedited time frame, and may delay eviction on a case-by-case basis. If the Member fails to sell their Mobile Home, or fails to remove their Mobile Home after Membership has been terminated and, if required, eviction procedures have concluded, the Member's Mobile Home will be deemed an abandoned Mobile Home as of the first day the Member's Mobile Home is vacated after the Membership is terminated. The Cooperative may then follow the rules set forth in the MRL for abandoned Mobile Homes (Civil Code Section 798.61), starting with the posting of the thirty (30) day notice, to facilitate the removal of the Member's Mobile Home.

ARTICLE 5. MEETINGS OF THE MEMBERSHIP

Section 5.1 Place of Meetings. Meetings of the Membership shall be held at the Principal Office or place of business of the Cooperative or at such other suitable place convenient to the Membership as may be designated by the Board of Directors.

Section 5.2 Annual Meetings. The annual meeting of the Cooperative shall be held on the second (2nd) Sunday of October. At the annual meeting there shall be elected by secret, written ballot of the Members a Board of Directors in accordance with the requirements of Sections 5.7, 5.8, and 6.5 and the Election Rules. The Members may also transact such other business of the Cooperative as may properly come before them. The conclusion of any thirty (30) day period to vote on those matters that must be approved by written ballot in accordance

with the Election Rules adopted pursuant to Civil Code Section 5105 shall be at the annual Meeting.

Section 5.3 Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by five percent (5%) of the Members having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5.4 Notice of Meetings. It shall be the duty of the Secretary to provide notice of each annual or special meeting to each Member entitled to vote at that meeting. The notice shall specify the place, date, and hour of the meeting and the means of electronic transmission by and to the Cooperative or electronic video screen communication, if any, by which members may participate in the meeting. In the case of a regular meeting, the notice shall state those matters which the Board of Directors, at the time the notice is given, intends to present for action by the Members at the meeting. The notice of any meeting at which members of the Board of Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members. The notice of any special meeting shall state the business to be transacted and that no other business shall be transacted.

(a) Manner of Giving Notice. Notice of a Members' meeting or any report shall be given by Individual Delivery. The Individual Delivery shall be considered as notice served. For annual meetings and special meetings called by the Board of Directors, notice shall be provided at least thirty (30) but not more than ninety (90) days prior to such meeting. If a special meeting is properly requested by someone other than a member of the Board of Directors, notice of such meeting must be given within twenty (20) days after receipt of the request, and the meeting must be held not less than thirty five (35) nor more than ninety (90) days after receipt of the request.

(b) Notice of Certain Agenda Items. 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):

- (1) Removing a Director without cause.
- (2) Filling vacancies on the Board of Directors by the Members.
- (3) Amending the Articles of Incorporation, Bylaws, or Occupancy Agreement.
- (4) Approving a contract or transaction in which a Director has a material financial interest.
- (5) Approving a plan of distribution of assets, other than cash, in liquidation.

Section 5.5 Quorum. The presence, either in person or by ballot, of at least forty percent (40%) of the Members of record of the Cooperative shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of Members. If the number of Members at a meeting drops below the quorum, no business may thereafter be transacted.

Section 5.6 Voting. Each Membership of the Cooperative shall be entitled to one vote on each matter submitted to a vote of the Members. The vote of the majority of total Members present at a meeting in person or by ballot shall decide any question brought before the Members at that meeting, unless the question is one upon which, by express provision of statute or of the Articles or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. Memberships held by the Cooperative shall not be voted. All election and voting procedures shall conform to Article 4 of the Civil Code, commencing with Section 5100.

In the case of a Joint Membership, there shall only be one vote and the Joint Members shall jointly decide how to cast their one vote. There shall be no division of the Joint Members' vote into fractional votes for any circumstances. Voting by Joint Members shall be governed by Corporations Code Section 5612, as may be amended from time to time, which provides that if only one Joint Member votes, such vote binds the Joint Members and if more than one Joint Member votes, the act of the majority so voting binds all.

No Member shall be entitled to cumulate votes for a candidate or candidates.

Section 5.7 Action by Written Ballot Without a Meeting. The Board of Directors may submit any action requiring approval of the Members to the Members in writing, without a meeting, by distributing a written ballot to every Member entitled to vote. Distribution of and voting by written ballot shall be consistent with the Cooperative's Election Rules adopted pursuant to California Civil Code Section 5100, et seq. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the number of Members required for a quorum at a meeting of the Members. A matter submitted to the Members by written ballot shall be deemed approved if the number of ballots approving the proposal would have been sufficient to approve the action at a meeting of the Members (assuming the same number of votes were cast).

Section 5.8 Conduct of Meetings. Meetings shall be governed by Robert's Rules of Order; as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with the Governing Instruments, or with any provision of law.

Section 5.9 Waiver of Notice or Consent by Absent Members.

(a) Written Waiver or Consent. The transactions of any meeting of Members, 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 is present, and if, either before or after the meeting, each person entitled to vote, who was present, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. All such

waivers, consents, or approvals shall be filed with the Cooperative records or made a part of the minutes of the meeting.

(b) Waiver by Attendance. 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 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 rights to object to the consideration of matters not included in the notice of the meeting, if that objection is expressly made at the meeting.

Section 5.10 Record Date for Member Notice, Voting, and Giving Consents.

(a) To Be Determined by Board of Directors. For the purposes of determining which Members are entitled to receive notice of any meeting, to vote, or to give consent to corporate action without a meeting, the Board of Directors may fix, in advance, a "record date," which shall not be for more than sixty (60) nor fewer than ten (10) days before the date of any such meeting, unless otherwise provided herein, nor more than sixty (60) days before any such action without a meeting. Only Members of record on the date so fixed are entitled to vote, or to give consents, as the case may be, notwithstanding any transfer of any Membership on the books of the Cooperative after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Corporation Law.

Section 5.11 Failure of Board to Determine Date.

(a) Record Date for Notices or Voting. Unless fixed by the Board of Directors, the Record Date for determining those Members entitled to receive notice of, or to vote at, a meeting of Members or on corporate action without a meeting, shall be the business day preceding the day on which notice is given.

(b) Record Date for Written Consent to Action Without Meeting. Unless fixed by the Board, the Record Date for determining those Members entitled to vote by ballot on corporate action without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written consent is given. When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action.

Section 5.12 Determination of Good Standing for Nomination for Board of Directors and Voting Eligibility in Annual Election.

(a) Definition of Good Standing. A Member is in "Good Standing" until their Membership is terminated unless they are more than thirty (30) days delinquent with their Assessments.

(b) Nomination for Board of Directors. At least forty (40) days before the annual elections, the Board of Directors shall accept as nominees for the Board of Directors

from the Membership only the names of Members in Good Standing, who are without any existing violations or unpaid fines, and who are not in active litigation against the Cooperative.

(c) Eligibility to Vote. In order to be eligible to vote in the annual election, a Member must be in Good Standing. At least forty (40) days before the annual meeting of the Cooperative, the Board of Directors shall publish a list of those Members who are in Good Standing and are eligible to vote in the annual election. Publication shall consist of posting the names of Members in Good Standing inside the Community Hall for a period of not less than one (1) week. The Board shall also post, at the same time manner, the names and candidate statements, if any are provided, of Members approved by the Board as eligible candidates for election.

Section 5.13 Order of Business. Unless an agenda is provided prior to the meeting, the order of business at meetings of the Members shall be as follows:

- (a) Establish quorum;
- (b) Reading of minutes of preceding meeting and approval of said minutes;
- (c) Election of Directors;
- (d) Unfinished Business; and
- (e) New business.

In the case of special meetings, items (a) through (b) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE 6. DIRECTORS

Section 6.1 Number and Qualification. The affairs of the Cooperative shall be governed by a Board of Directors composed of nine (9) persons (the "Directors"), all of whom shall be Members of the Cooperative. No more than one person in a household may serve as a Director at any given time.

Section 6.2 Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Cooperative and things not otherwise directed by law or these Bylaws to be done by the Members. The powers of the Board of Directors shall include but not be limited to:

- (a) To accept or reject all applications for Membership and admission to occupancy of a Space in the Cooperative, either directly or through an authorized representative.

- (b) To establish monthly occupancy charges as provided for in the Occupancy Agreement, based on an operating budget formally adopted by such Board; such budget to provide for all cost, including maintenance, insurance, taxes, interest and principal payments, plus a reasonable amount for contingencies and capital reserve set aside.
- (c) To engage an agent or employees for the management of the project under such terms as the Board may determine.
- (d) To borrow money and incur indebtedness for the purposes of the Cooperative and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefore.
- (e) To initiate and execute disciplinary proceedings against Members of the Cooperative for violations of provisions of the Governing Instruments, the Occupancy Agreement, and the Operating Rules in accordance with procedures set forth in the Governing Instruments.
- (f) To set and impose, in compliance with Article 18, monetary and other fines against Members of the Cooperative for violations of provisions of the Governing Instruments, the Occupancy Agreement, and the Operating Rules in accordance with procedures set forth in the Governing Instruments.
- (g) To enforce applicable provisions of the Articles of Incorporation, Bylaws and other instruments for the ownership, management and control of the Cooperative.
- (h) To pay taxes and assessments which are, or could become, a lien on the common area or a portion thereof.
- (i) To contract for casualty, liability and other insurance on behalf of the Cooperative.
- (j) To contract for goods and/or services for the common areas, facilities and interests for the Cooperative subject to the limitations set forth below.
- (k) To delegate its powers to committees, officers or employees of the Cooperative as expressly authorized by these Bylaws.
- (l) To prepare budgets and financial statements for the Cooperative as prescribed in the Governing Instruments.
- (m) To enter upon any Space as necessary in connection with construction, maintenance or emergency repair for the benefit of the Cooperative subject to Section 14.2 of the Occupancy Agreement.
- (n) To elect officers of the Board of Directors.

(o) To fill vacancies on the Board of Directors except for a vacancy created by the removal of a Director by vote of the Membership.

(p) To terminate Membership and occupancy rights for cause, as provided in these Bylaws and the Occupancy Agreement.

(q) To select and remove any of the officers (as officers, not as Directors), agents and employees of the Cooperative, prescribe such powers and duties for them as may not be inconsistent with the law, and the Articles of Incorporation or these Bylaws, fix their compensation and require from them security for faithful services.

Section 6.3 Prohibitions. The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Cooperative:

(a) Incurring aggregate expenditures for capital improvements to the Cooperative property in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Cooperative for that fiscal year.

(b) Selling during any fiscal year property of the Cooperative having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Cooperative for that fiscal year.

(c) Filling of a vacancy on the Board created by the removal of a Director by a vote of the Membership.

(d) Use of the Cooperative Equity without the vote or written consent of a two-thirds majority of the voting power of the Cooperative.

Section 6.4 Self-Dealing Transactions. The Board shall not approve a self-dealing transaction unless the Board is presented with facts sufficient to make the findings required by Corporations Code Section 5233(d)(2) and the transaction is approved by a majority of the Directors not including the interested Director. A self-dealing transaction is one to which the Cooperative is a party and in which one or more of the Directors has a material financial interest or a transaction between the Cooperative and any entity in which one or more of its Directors has a material financial interest. Directors shall not vote on any of the matters described in Section 5350 of the Civil Code.

Section 6.5 Election of Members of the Board of Directors. Members of the Board of Directors shall be elected in accordance with the Election Rules.

Section 6.6 Term of Office. Directors shall be elected to serve a term of two (2) years and may run for successive terms. Director terms shall be staggered with five (5) Directors being elected one year and four (4) being elected the next. The outgoing Directors shall hold office until their successors have been elected and hold their first Meeting.

Section 6.7 Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a Director by a vote of the Membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the Members at the next annual meeting to serve out the unexpired portion of the term.

Section 6.8 Removal of Directors.

(a) Without Cause. Any Director may be removed with or without cause by affirmative vote of the majority of the votes cast by the Membership. A successor shall be elected to fill the vacancy thus created pursuant to an election conducted in accordance with the Cooperative's Election Rules adopted pursuant to Civil Code Section 5100, et seq., provided that the number of votes cast equals or exceeds a quorum of the Members. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at a regular or special meeting of the Members duly called prior to commencement of the election.

(b) Good Standing or Failure to Attend Meetings. Any Director who becomes more than thirty (30) days delinquent in payment of their Assessments or who fails to attend three (3) consecutive unexcused Meetings of the Board of Directors shall be automatically terminated and the remaining Directors shall appoint their successor as provided in Section 6.7, above.

(c) Unsound Mind. The Board, by a majority vote, may declare vacant the office of a Director who has been declared of unsound mind by a final order of court, or convicted of a felony.

Section 6.9 Resignation of Directors. Any Director may resign at any given time by giving written notice to the other Directors of the Cooperative. Any such resignation shall take effect at a time which must be specified in such notice, and unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.10 Fees and Compensation. Directors shall serve without compensation except that they shall be allowed and paid their actual and necessary expenses incurred in attending Meetings of the Board of Directors. In addition, they shall be allowed reasonable advancement or reimbursement for expenses incurred in the performance of their regular duties as Directors. Directors may not be compensated for rendering services to the Cooperative in any capacity other than Director unless such other compensation is reasonable and is allowable under the provisions of Section 6.11.

Section 6.11 Restriction on Persons as Interested Directors. No more than forty-nine percent (49%) of the Directors serving on the Board of Directors may be interested persons. An interested person is: (a) any person compensated by the Cooperative for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; and (b) any brother, sister, ancestor, descendant, spouse, domestic partner, Joint

Members in the same Joint Membership, sister-in-law, brother-in-law, mother-in-law, or father-in-law of any such person. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the Cooperative.

Section 6.12 Meetings of the Board of Directors, and Notice Requirements to Directors.

(a) Regular meetings. Regular Meetings of the Board of Directors shall be held at its Principal Office. At least four (4) such meetings shall be held during each fiscal year. Regular Meetings of the Board may be held without notice to the Directors if the time and place of the Meetings are fixed by the Board of Directors, with requisite notice provided to the Members pursuant to Section 6.13(c).

(b) Special Meetings. A special Meeting of the Board of Directors may be called by written notice signed by the President or by any two (2) Directors other than the President. The notice shall specify time and place of the meeting and the nature of any special business to be considered. Notice shall be sent to all Directors via first class mail not less than four (4) days prior to the scheduled time of the meeting or via personal delivery or by telephone, including a voice messaging system or by electronic transmission, not less than forty-eight (48) hours prior to the scheduled time of the meeting, with requisite notice provided to the Members pursuant to Section 6.13(c).

(c) Emergency Meetings. An "emergency meeting" shall mean any Meeting called by the President or by any two (2) Directors under circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board and that of necessity make it impracticable to provide prior notice to the Members.

(d) Waiver of Notice. Before or at any Meeting of the Board of Directors, any Director may, in writing, waive notice of such Meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any Meeting of the Board shall be a waiver by him or her of the time and place thereof. If all the Directors are present at any Meeting of the Board, no notice shall be required and any business may be transacted at such Meeting.

Section 6.13 Board of Director Meetings Open to Members. Pursuant to Civil Code Section 4900 et seq., as may be amended from time to time, all regular and special "Meetings" (as defined below) of the Board of Directors shall be open to Members of the Cooperative, and all Members shall be entitled to address the Board on any item before the Board in person or in writing, except when the Board adjourns to executive session to consider litigation, matters relating to the formation of contracts with third parties, Member discipline, or personnel matters, or to meet with a Member upon the Member's request regarding the Member's payment of Assessments, specified in Civil Code Section 5665. Executive sessions shall also include a session that is requested by a Member regarding any fine, penalty, or other form of discipline to which such Member may be subject. If a Member requests such session, that Member may attend such session despite the fact that it is an executive session.

(a) Definition of Meeting. A meeting ("Meeting") includes any congregation of a majority of the members of the Board at the same time and place to hear,

discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

(b) Limitations on Members' Participation in Meeting. The Board may establish rules limiting the time any one Member may speak on a particular item before the Board. Members who are not on the Board may not participate in any deliberation unless expressly so authorized by the vote of the majority of a quorum of the Board.

(c) Notice to Members of Board Meetings. Members shall be given General Notice of the time and place of Board Meetings, except for emergency meetings, unless a Member has requested Individual Notice. In addition to providing General Notice, the Board may provide notice of Board Meetings by electronic transmission. Notice shall be given at least four (4) days before the date the meeting and shall contain a copy of the agenda.

Section 6.14 Quorum. At all Meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. Except as otherwise provided in these Bylaws or in the Articles of Incorporation, or by law, no business shall be considered by the Board at any meeting at which a quorum is not present, and the only motion which the chair shall entertain at such meeting is a motion to adjourn. When a Meeting is adjourned for lack of a quorum for more than twenty-four (24) hours, notice of an adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment and to the Members of the Cooperative in accordance with Section 6.12(b), above pertaining to Special Meetings.

The Directors present at a duly called and held Meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of Directors from the Meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such Meeting or such greater percentage as may be required by law, or the Articles of Incorporation or Bylaws of this Cooperative.

Section 6.15 Action Without Meeting. Electronic transmissions may only be used a method of conducting an emergency meeting of the Board. All members of the Board of Directors, individually, or collectively, must consent in writing to that action, and the written consent or consents must be filed with the minutes of the emergency meeting of the Board. These written consents may be transmitted electronically.

Section 6.16 Minutes. Minutes of all Meetings of the Board of Directors, except executive sessions, shall be made available to members within thirty (30) days of the meeting. Upon a Member's request, the minutes shall be distributed to such Member and the Cooperative may require such Member to pay for the Cooperative's distribution costs. In addition to the above, any such matter discussed in executive session shall be generally noted in the minutes of the immediately following Meeting that is open to the Membership in a manner that is consistent

with the intent of the executive session, namely to preserve the confidentiality of what was discussed and the opinions that were expressed during the meeting.

Section 6.17 Fidelity Bonds. The Board of Directors shall require that all Officers and employees of the Cooperative handling or responsible for corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Cooperative.

ARTICLE 7. COMMITTEES

Section 7.1 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 two or more Directors, to serve at the pleasure of the Board. Any committee, to the extent provided in the resolution of the Board, shall have all authority of the Board, except that no committee, regardless of Board resolution, may:

- (a) Take any final action on matters which, under the Nonprofit Corporation Law of California, also requires Members' approval;
- (b) Fill vacancies on the Board of Directors or in any committee;
- (c) Fix compensation of the Directors for serving on the Board or on any committee;
- (d) Amend or repeal the Bylaws or adopt new bylaws;
- (e) Amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- (f) Appoint any other committees of the Board of Directors or the members of these committees;
- (g) Expend corporate funds to support a nominee for Director; and
- (h) Approve any transaction: (1) to which the Cooperative is a party and one or more Directors have a material financial interest; or (2) between the Cooperative and one or more of its Directors; or (3) between the Cooperative or any person in which one or more of its Directors have a material financial interest.

Section 7.2 Standing Committees. Standing Committees are constituted to perform a continuing function within the Cooperative.

- (a) Standing Committees. The Standing Committees, include but are not limited to: Architectural Review, Finance, Membership and Parking.
- (b) Composition of Standing Committees: The Standing Committees may be comprised of Directors and non-Directors. In the event that a Standing Committee is

comprised of one or more non-Directors, such Standing Committee shall be advisory in nature and may only make recommendations to the Board of Directors for final approval, and shall not have the authority to make decisions on behalf of the Cooperative. If the Standing Committee is comprised solely of Directors, then Section 7.1 shall apply. In no event shall a Standing Committee be delegated any of the prohibited duties set forth in Section 7.1 (a)-(h).

(c) Appointment to Standing Committees. The Standing Committees shall be appointed at the January Board of Directors meeting each year. The procedure for appointment to the Standing Committees is as follows: the President of the Board of Directors shall appoint members to each of the Standing Committees in accordance with the procedure outlined in Robert's Rules of Order, Section 50, Option C, with the President of the Board of Directors first naming the Chair of the Standing Committee and then naming the other members of the Standing Committee, and the Board having veto power by majority vote over any name selected. Term of service is one calendar year. Standing Committee members may be reappointed.

(d) Removal of Standing Committees Members. Standing Committee members may be removed during their term by majority vote of the Board of Directors.

(e) Filling of Vacancies. Vacancies on a Standing Committee may be filled at the discretion of the President, using the same method of appointment set forth in subparagraph (c), above.

Section 7.3 Special Committees. The purpose of the Special Committee is to carry out a specific task, reporting its findings and recommendations to the Board of Directors, after which it ceases to exist.

(a) Appointment of Special Committees. The President of the Board of Directors may appoint Special Committees from time to time as the President determines in his/her discretion is appropriate to assist in the conduct of the affairs of the Cooperative. The President may determine the size and composition of the Special Committees based on the purposes of the committees. Committees appointed to implement a decision of the Board of the Cooperative should consist only of those who are in favor of the action to be carried out. Committees appointed for investigation or deliberation should represent, as far as possible, a variety of viewpoints.

(b) Composition of Special Committees. Special Committees may be comprised of Directors and non-Directors. In the event that a Special Committee is comprised of one or more non-Directors, such Special Committee shall be advisory in nature and may only make recommendations to the Board of Directors for final approval, and shall not have the authority to make decisions on behalf of the Cooperative. If the Special Committee is comprised solely of Directors, then Section 7.1 shall apply. In no event, however, shall a Special Committee be delegated any of the prohibited duties set forth in Section 7.1 (a)-(h).

Section 7.4 Meetings and Action of Committees. Meetings and action of committees shall be governed by the provisions of Article 6 of these Bylaws, including but not limited to the

following: committee meetings shall require a four (4) day notice of the agenda, and minutes shall be taken at each committee meeting and must be made available within thirty (30) days of such meeting. However, the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee, and special meetings of committees may also be called by resolution of the Board of Directors or of the committee.

ARTICLE 8. OFFICERS

Section 8.1 Designation. The principal officers of the Cooperative shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. The same person cannot concurrently serve as the Secretary and Treasurer.

Section 8.2 Election of officers. The officers of the Cooperative shall be elected annually by the Board of Directors at the annual meeting of each new Board and shall hold office at the pleasure of the Board.

Section 8.3 Removal of Officers. Upon an affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause, and her or his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 8.4 President. The President shall be the chief executive officer of the Cooperative. They shall preside at all meetings of the Members and of the Board of Directors. They shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to the power to appoint committees from among the Membership from time to time as they decide are appropriate to assist in the conduct of the affairs of the Cooperative.

Section 8.5 Vice President. The Vice President shall take the place of the President and perform her or his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Director to do so on an interim basis. The Vice President shall also perform other such duties as shall from time to time be imposed upon them by the Board of Directors.

Section 8.6 Secretary. The Secretary shall ensure that minutes are kept of all meetings of the Board of Directors and all meetings of the Members of the Cooperative. The Secretary shall have the custody of the seal of the Cooperative and shall have charge of the Membership transfer books and of such other books and papers as the Board of Directors may direct. The Secretary shall, in general, perform all the duties incident to the office of Secretary.

Section 8.7 Treasurer. The Treasurer shall have the responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Cooperative. The Treasurer shall be responsible for the

deposit of all monies and other valuable effects in the name, and to the credit, of the Cooperative in such depositories as may from time to time be designated by the Board of Directors. The Board of Directors may from time to time designate these and similar accounting functions to management staff, with the Treasure retaining general oversight of the corporate records.

Section 8.8 Resignation of Officers. Any officer may resign at any time by giving written notice to the Cooperative. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 8.9 Vacancies in Offices. A vacancy in any office because of death resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these Bylaws for regular appointments to that office.

ARTICLE 9. RECORDS

Section 9.1 Inspection of Books. Financial reports, accounting books and records, copies of Articles, these Bylaws, Operating Rules, and minutes of proceedings of the members and the Board and any committee(s) of the Board shall be kept at the business office located at the Cooperative. Any Member or designated representative of a Member shall have the right to access, inspect, and copy Cooperative records, the Articles, and these Bylaws at reasonable business hours and as further set in Corporations Code Section 5110 et seq., or Civil Code Section 4000 et seq., provided, however, that Members shall be required to reimburse the Cooperative for all copying costs of records request.

(a) Association Records shall be available for inspection for the current calendar year and for each of the previous two (2) calendar years. Notwithstanding this, minutes of member and Board meetings are subject to inspection permanently. If a committee has decision-making authority, minutes of the meetings of that committee shall be permanently subject to inspection.

(b) Whenever a Member properly requests access to Association Records, access to the requested shall be within the following time records:

(1) Association Records prepared during the current fiscal/calendar year, within ten (10) business days following the Cooperative's receipt of the request.

(2) Association Records prepared during the previous two (2) fiscal/calendar years, within thirty (30) calendar days following the Cooperative's receipt of the request.

(3) Any record or statement available pursuant to Civil Code Section 4525 et seq., related to transfer disclosures; Civil Code Section 5300 et seq., for annual reports; Civil Code Section 5565, related to disclosure of the Cooperative's reserves; or Civil Code Section 5810, related to policies in the annual budget report; within the timeframe specified therein.

(4) Minutes of Member and Board meetings, within thirty (30) days of the meeting, as specified in subsection (a) of Civil Code Section 4950.

(5) Minutes of meetings of committees with decision-making authority within fifteen (15) calendar days following approval.

(6) Membership list, within the timeframe specified in Corporations Code Section 8330.

Section 9.2 Inspection by Directors. Every Director shall have the right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Cooperative. All Directors should consider their fiduciary obligations to act in good faith and in a manner the Director believes to be in the best interests of the Cooperative in determining what use and/or dissemination is to be made of information obtained in the Director's exercise of his or her inspection rights.

Section 9.3 Protection of Records; Compensation Information.

(a) The Cooperative may redact information from Association Records in the event: (1) the release of the information is reasonably likely to lead to the unauthorized use of another person's personal identifying information to obtain credit, goods, services, money, or property; (2) the release of the information is reasonably likely to lead to fraud in connection with the Cooperative; (3) the information is privileged under law; (4) the information is reasonably likely to compromise the privacy of an individual Member of the Cooperative; or (5) the information contains any of the information specified in Civil Code Section 5215, subsection (a)(5).

(b) Notwithstanding Section 9.3(a), the Cooperative may not withhold or redact information concerning the compensation paid to employees, vendors, or contractors, except as provided by attorney-client privilege. Compensation information for individual employees shall be set forth by job classification or title, not by the employee's name, social security number, or personal information.

(c) Neither the Cooperative nor any officer, Director, employee, agent, or volunteer of the Cooperative shall be liable for damages to a Member of the Cooperative or any third party as the result of identity theft or other breach of privacy because of the failure to withhold or redact that Member's information under this section unless the failure to withhold or redact the information was intentional, willful, or negligent.

(d) If requested by the requesting Member, the Cooperative shall provide a written explanation specifying the legal basis for withholding or redacting the requested records.

(e) In no event may the books, records, and minutes of proceedings and any information from them be sold, used for commercial purposes, or used for any other purpose not reasonably related to a Member's interest as a Member.

Section 9.4 Membership List Opt Out. A Member of the Cooperative may opt out the sharing of that Member's name, property address, and mailing address by notifying the Cooperative in writing that the Member prefers to be contacted via the alternative process described in subsection (c) of Section 8330 of the Corporations Code. This opt out shall remain in effect until changed by the Member.

Section 9.5 Membership List Request. The procedure for requesting a Membership list shall be consistent with Section 5225 of the Civil Code.

Section 9.6 Member Enforcement Action. A Member may bring an action to enforce that Member's right to inspect and copy the Cooperative's records, consistent with Section 5235 of the Civil Code.

Section 9.7 Recordkeeping. To be effective, any of the following requests shall be delivered in writing to the Cooperative, pursuant to Section 4035 of the Civil Code:

- (a) A request to change the Member's information in the Cooperative Membership List .
- (b) A request to add or remove a second address for delivery of Individual Notices to the Member, pursuant to subsection (b) of Section 4040 of the Civil Code.
- (c) A request for Individual Delivery of general notices to the Member, pursuant to subsection (b) of Section 4045 of the Civil Code, or a request to cancel a prior request for Individual Delivery of general notices.
- (d) A request to opt out of the membership list pursuant to Section 5220 of the Civil Code, or a request to cancel a prior request to opt out of the membership list.
- (e) A request to receive a full copy of a specified Annual Budget and Report or Annual Policy Statement pursuant to Section 5320 of the Civil Code.
- (f) A request to receive all reports in full, pursuant to subsection (b) of Section 5320 of the Civil Code, or a request to cancel a prior request to receive all reports in full.

ARTICLE 10. FISCAL MANAGEMENT

Section 10.1 Fiscal Year. The fiscal year of the Cooperative shall begin on the first (1st) day of July every year.

Section 10.2 Auditing. At the closing of each fiscal year, the books and records of the Cooperative shall be audited by the Certified Public Accountant. Based on such reports, the Cooperative will furnish its members with an annual financial statement including the income and disbursements of the Cooperative no later than one hundred twenty (120) days after the close

of the fiscal year. The Cooperative will also supply the members, as soon as practicable after the end of each calendar year, with a statement showing each Member's pro rata share of the real estate taxes and mortgage interest, if any, paid by the Cooperative during the preceding calendar year.

Section 10.3 Annual Budget and Report. Within the thirty (30) to ninety (90) day period prior to the start of each fiscal year, the Cooperative shall distribute an annual budget and report to its members in accordance Civil Code Section 5300 (the "Annual Budget and Report"). The Annual Budget and Report shall be delivered by Individual Delivery in accordance with Section 5320 of the Civil Code.

(a) An Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Section 5570 of the Civil Code, shall accompany each annual budget report or summary of the Annual Budget and Report that is delivered pursuant to this Section.

(b) A review of the financial statement of the Cooperative shall be prepared and distributed within one hundred twenty (120) days of the end of each fiscal year in accordance with Section 5305 of the Civil Code.

Section 10.4 Annual Policy Statement. Within the thirty (30) to ninety (90) day period prior to the start of each fiscal year, the Board shall distribute an annual policy statement that provides members with information about the Cooperative policies (the "Annual Policy Statement"). The Annual Policy Statement shall be prepared in accordance with Civil Code Section 5310. The Annual Policy Statement shall be delivered by Individual Delivery in accordance with Civil Code Section 5320.

Section 10.5 Annual Notice to Cooperative. In accordance with Section 4041 of the Civil Code, every Member shall annually provide written notice to the Cooperative of the following:

(a) The address or addresses to which notices from the Cooperative are to be delivered.

(b) An alternate or secondary address to which notices from the association are to be delivered.

(c) The name and address of their legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of the Member's extended absence from the Mobile Home.

(d) Whether the Mobile Home is owner-occupied, is rented out, if the Space is developed but vacant, or if the Space is undeveloped land.

The Cooperative shall solicit these annual notices from each Member at least thirty (30) days prior to making its own required disclosures under Section 5300 of the Civil Code, and shall enter the data into its books and records. If the Member fails to provide the notices set forth

in this Section, the Mobile Home address shall be deemed the address to which notices are to be delivered.

Section 10.6 Notification Regarding Minutes. Within the thirty (30) to ninety (90) day period prior to the start of each fiscal year, the Board will distribute a statement that members have the right to have copies of the minutes of meetings of the Board of Directors and include information on how and where such copies may be obtained.

Section 10.7 Notice of Members' Rights Regarding Assessments, Foreclosure, Meetings and Payments. As part of the Annual Policy Statement, the Cooperative shall distribute to each Member the notice required by Civil Code Section 5730, which shall be printed in at least twelve (12) point type.

Section 10.8 Reserve Studies. At least once every three (3) years, and if required by Civil Code Sections 5500 to 5560, the Board shall conduct a study of the reserve requirements of the Cooperative. This reserve requirement study shall include a visual inspection of the accessible areas of the major components of the Cooperative that the Cooperative is obliged to repair, replace, restore, or maintain.

Section 10.9 Review of Fiscal Affairs. The Board of Directors shall, on a quarterly basis review the following:

- (a) A current reconciliation of the Cooperative's operating accounts;
- (b) A current reconciliation of the Cooperative's reserve accounts;
- (c) The current year's actual reserve revenues and expenses compared to the current year's budget;
- (d) An income and expenses statement for the Cooperative's operating and reserve accounts.

The Board of Directors shall also, on a regular basis, review the latest account statements for the Cooperative's operating and reserve accounts. The information reviewed by the Board shall be included in the minutes for the Board meeting at which the review was conducted.

Section 10.10 Notice to Members of Use of Reserves. The Board shall comply with Civil Code Sections 5510- 5520 pertaining to the expenditure of replacement reserve funds. If the Board approves the expenditure of reserve funds for litigation, the Cooperative shall promptly notify the members of such expenditure by General Notice.

Section 10.11 Submission of Information to Secretary of State. The Cooperative shall comply with Civil Code Section 5405 pertaining to submission of information to the California Secretary of State.

Section 10.12 Other Statements Related to Liens and Penalties. Within the thirty (30) to ninety (90)-day period before the end of the fiscal year, the Cooperative shall distribute to each

Member a statement describing the Cooperative's policies and practices in enforcing lien rights or other legal remedies for default in payment of Assessments and the penalties and fees to which the Members may be subject.

Section 10.13 Insurance Information Distribution Requirements.

(a) At the time that the Annual Budget and Report is distributed to Members, the Cooperative will distribute a summary of the Cooperative's property, general liability, earthquake and flood insurance policies, that includes: the name of the insurer; the type of insurance; the policy limits of the insurance; the amount of deductibles, if any. To the extent that any of the information required to be disclosed pursuant to this subsection (a) is specified in the insurance policy declaration page, the Cooperative may meet its obligation to disclose that information by making copies of that page and distributing it to all of its members.

(b) The Cooperative shall, as soon as reasonably practicable, notify its members by Individual Notice if any of the policies described above have lapsed, been cancelled, and are not immediately renewed, restored or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the Cooperative receives any notice of nonrenewal of a policy described above, the Cooperative shall immediately notify its members by Individual Notice if replacement coverage will not be in effect by the date the existing coverage will lapse.

(c) The summary distributed pursuant to paragraph (a) shall contain, in at least 10-point boldface type, the statement required in its entirety pursuant to Civil Code Section 5300(b)(9).

Section 10.14 Statements Regarding Disputes. Within the thirty (30) to ninety (90) day period before the end of the fiscal year, the Cooperative shall distribute to each Member a statement describing the Cooperative's policies and practices related to disputes as set forth in Article 17. In addition, the Cooperative shall distribute a summary of the alternative dispute resolution procedure set forth in Civil Code Section 5920 and the statement required by Civil Code Section 5320.

Section 10.15 Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts, including Occupancy Agreements, shall be executed on behalf of the Cooperative by the President, the Vice President, Manager, or by persons authorized by the Board, and all checks shall be executed on behalf of the Cooperative by persons authorized by Board resolution to execute checks.

ARTICLE 11. ASSESSMENTS

Section 11.1 Commencement of Assessments. Regular Assessments against Membership interest shall commence and be paid as set forth in Articles 2 and 3 of the Occupancy Agreement.

Section 11.2 Total Monthly Regular Assessments. The total monthly Regular Assessments shall be equal to one-twelfth (1/12) of the following items:

- (a) The annual cost of all operating expenses of the Park and services furnished;
- (b) The annual cost of necessary management and administration of the Park;
- (c) The annual amount of all taxes and assessments levied against the Park or other property of the Cooperative for which it is required to pay;
- (d) The annual cost of fire and extended coverage insurance on the property and such other insurance as the Cooperative may obtain or as may be required by any mortgagee on the Park;
- (e) The annual cost of furnishing water, electricity, heat, gas, garbage, and trash collection, and other utilities, if furnished by the Cooperative;
- (f) The annual deposit made by the Cooperative into all reserves set up by the Board of Directors, including the general operating reserve and the reserve for replacements;
- (g) The estimated annual cost of repairs, maintenance, and replacements of the Park property to be made by the Cooperative;
- (h) The annual amount of principal, interest, mortgage insurance premiums, and other required payments on any mortgages on the property;
- (i) Any other expenses of the Cooperative approved by the Board of Directors including operating deficits, if any, for prior periods.

The Board of Directors shall establish the amount of the Regular Assessments annually but may do so at more frequent intervals, should circumstances so require. The amount of the monthly Regular Assessments shall be divided equally among the Members, regardless of the size of the Members' Spaces. The Board of Directors may not increase the Regular Assessment except as provided for in Section 11.3 of the Bylaws.

Section 11.3 Increase in Regular Assessments. The Board of Directors shall provide Members with Individual Notice of any increase in Regular Assessments at least thirty (30) days but not more than sixty (60) days prior to the increased Assessment becoming due ("Notice of Assessment"). The Board of Directors may not impose, except as provided in this section, a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Cooperative's preceding fiscal year without the approval of the Members casting a majority of the votes pursuant to an election conducted in accordance with the Election Rules in which the number of votes casts equals or exceeds a quorum. The provisions of this section do

not limit assessment increases for the addressing emergency situations, defined as any one of the following:

- (a) An extraordinary expense required by order of a court;
- (b) An extraordinary expense necessary to repair or maintain the common area where a threat to personal safety is discovered; or
- (c) An extraordinary expense necessary to repair or maintain the common area that could not have been reasonably foreseen by the Board in preparing and distributing the Annual Budget and Report Prior to imposition of an assessment increase for unforeseeable expenses the Board shall pass a resolution containing written findings as to the necessity of the expense and why the expense was not or could not have been foreseen. The resolution must be distributed to the members with the Notice of Assessment.

Section 11.4 Special Assessments. In addition to the Regular Assessment authorized above, the Cooperative may levy, in any fiscal year, a Special Assessment ("Special Assessment") applicable to that year for the purpose of defraying in whole or in part, the common expenses of the Cooperative for any fiscal year (including, but not limited to, unanticipated delinquencies, costs of construction, unanticipated legal expenses, unexpected repairs or replacement or reconstruction of capital improvements in or on the common area, including fixtures and personal property related thereto). Any Special Assessment other than an Individual Special Assessment shall be levied against each of the Members in the same proportion as the Regular Assessments and may be enforced in the same manner as the Regular Assessment.

Section 11.5 Limitation on Special Assessments. In any fiscal year, the Board of Directors may not, without the vote or written assent of a majority of the Members voting in an election held pursuant to the Election Rules in which the number of votes casts equals or exceeds a quorum and except in emergency situations as defined in Section 11.3 above, levy Special Assessments to defray the costs of any action or undertaking on behalf of the Cooperative which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Cooperative for that fiscal year. Special Assessments which in the aggregate are five percent (5%) or less than five percent (5%) of the budgeted gross expenses of the Cooperative may be levied by the Board of Directors without vote or assent of the Members.

Section 11.6 Individual Special Assessments. The Cooperative may levy an Individual Special Assessment ("Individual Special Assessment") against a Member in order to obtain reimbursement of funds expended by the Cooperative, provided that such an individual Special Assessment may only be levied to reimburse the Cooperative for costs incurred in bringing the Member and their Membership into compliance with provisions of the Governing Instruments, the Occupancy Agreement and the Operating Rules, including the cost of any repairs for which the Member is responsible according to the provisions of the Bylaws and Occupancy Agreement.

Section 11.7 Notice to Member of Lien Procedures. Subject to Section 4.10, a Regular, Special, or Individual Special Assessment and any late charges, reasonable costs of collection, and interest, as assessed in accordance with Civil Code Section 5600 et seq., shall be a debt of

the Member at the time the Assessment or other sums are levied (the "Debt"). At least thirty (30) days before the Cooperative may place a lien upon the Separate Interest of a Member to collect the Debt which is past due under this subdivision, the Cooperative shall send written notice (the "Debt Notice") to the Member with the following information:

(a) A general description of the collection and lien enforcement procedures of the Cooperative and the method of calculation of the Debt and the method of calculation of the amount owed;

(b) A statement that the member has the right to inspect the Cooperative records, pursuant to Section 5205 of the Civil Code;

(c) A statement which shall be in fourteen (14) point font, boldface type (if printed) or in capital letters (if typed) that reads: "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

(d) An itemized statement of the charges owed by the Member, including items on the statement which indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest if any;

(e) A statement that the Member shall not be liable to pay the charges, interest, and costs of collection, if it is determined the Assessment was paid on time to the Cooperative;

(f) A statement that the Member has the right to request a meeting with the Board as provided in Civil Code Section 5665;

(g) A statement that the Member has the right to dispute the Assessment Debt by submitting a written request for dispute resolution to the Cooperative pursuant to the Cooperative's "meet and confer" program; and

(h) A statement that the Member has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925 before the Cooperative may initiate foreclosure against the Member's Separate Interest except that binding arbitration shall not be available if the Cooperative intends to initiate a judicial foreclosure.

Section 11.8 Right to Dispute Debt. A Member may dispute the Debt evidenced by the Debt Notice by submitting to the Board a written explanation of the reasons for his or her dispute. The Board shall respond in writing to the Member within fifteen (15) days of the date of the postmark of the explanation notice, if the explanation notice is mailed within fifteen (15) days of the postmark of the Debt Notice. A Member may submit a written request to meet with the Board to discuss a payment plan for the Debt evidenced by the Debt Notice. The Cooperative shall provide the Member the standard for payment plans, if any exist. The Board shall meet with the Member in executive session within forty-five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the

Debt Notice, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the Member.

Section 11.9 Expiration and Satisfaction of Lien. Within twenty-one (21) days of the Member's payment of the amounts secured by a lien, the Cooperative shall promptly cause a "Notice of Release of Lien" to be recorded stating the satisfaction and release of such lien. The Cooperative shall provide the Member with a copy of the Notice of Release of Lien.

Section 11.10 Payments on Debt. Any payments toward the Debt shall first be applied to the Assessments owed, and only after the Assessments owed are paid in full shall such payments be applied to interest, late charges, attorney's fees or collection expenses. When the Member makes a payment, the Member may request a receipt, and the Cooperative shall provide it. The receipt shall indicate the date of payment and the person who received it. The Cooperative shall provide a mailing address for overnight payment on the Assessments and Debt.

Section 11.11 Fees and Remedies for Delinquent Assessments. Assessments shall be delinquent, pursuant to Civil Code Section 5650, fifteen (15) days after they become due. If Assessments are delinquent the Cooperative may:

(a) Recover all of the following;

(1) Reasonable costs incurred in collecting the delinquent Assessments, including reasonable attorneys' fees,

(2) A late charge as may be determined by the Board, but not to exceed ten percent (10%) of the delinquent Assessments or Ten Dollars (\$10), whichever is greater,

(3) Interest on all sums imposed in accordance with this Section, including the delinquent Assessments, reasonable costs of collection, and late charges, at an annual percentage rate of twelve percent (12%) commencing thirty (30) days after the Assessment becomes due,

(b) Pursue the following remedies;

(1) For delinquent Assessments that are: (i) less than \$1,800, not including any accelerated Assessments, late charges, fees and costs of collection, attorneys' fees, or interest; or (ii) less than one (1) year overdue, the Cooperative may terminate the Member's Membership for cause and evict the Member from the Cooperative pursuant to the Articles, the Bylaws, and the Occupancy Agreement or pursue available remedies in court other than foreclosure pursuant to Civil Code Section 5720.

(2) For delinquent Assessments that are: (i) \$1,800 or more; or (ii) more than twelve (12) months overdue, in addition to the remedies listed in subsection (b)(1) above, the Cooperative may pursue lien, foreclosure, and eviction remedies in accordance with Civil Code Sections 5650 et seq. (including the noticing and meet and confer requirements).

ARTICLE 12. INDEMNIFICATION

This Cooperative shall indemnify its Directors, officers, employees, and agents, including persons formerly occupying any such position, to the fullest extent permitted by law, against all expenses, judgments, fines and other amounts actually and reasonably incurred by their connection with any threatened, pending, or completed action or proceedings, whether it is civil, criminal, administrative or investigative.

In all cases where indemnification is sought, the Cooperative shall be subject to the following restrictions and requirements:

(a) Where the action or proceeding is brought on behalf of the Cooperative or involves a self-dealing transaction, as defined in Section 6.4 of these Bylaws, the Cooperative shall not indemnify against amounts paid in settlement or judgment amounts, but shall, upon the express authorization of the Board, indemnify the Director, officer, employee or agent against expenses incurred in defense of an action arising from his or her relation to the Cooperative. In order for the Board to indemnify in such cases the Board must find the person met the statutorily proscribed standard of care by acting (1) in good faith, (2) in the best interests of the Cooperative, and (3) with the care of an ordinarily prudent person.

(b) Where the person seeking indemnification under this section has been held liable to the Cooperative, or has settled their liability to the Cooperative, the Cooperative shall not indemnify against expenses without the approval of the court or the Attorney General.

(c) The Board shall determine whether the person seeking indemnification has acted in accordance with the standard of care set forth in subsection (a) of this section by a majority vote of a quorum consisting of disinterested Directors. The termination of any proceeding in a manner adverse to the defendant seeking indemnification shall not create a presumption that such person failed to meet the standard of care.

(d) Where the person seeking indemnification has been successful on the merits in defense of any action or proceeding brought on behalf of the Cooperative or in defense of any claim or issue involved in such action or proceeding, the Cooperative shall indemnify against all expenses actually or reasonably incurred.

(e) The Cooperative shall not advance any money to the person seeking indemnification for the purpose of defending against any action or proceeding without the receipt of an undertaking by such person to repay all advances unless it is ultimately determined that he or she is entitled to indemnification.

ARTICLE 13. CONDEMNATION

In the event of any taking of the Park, or any part thereof, by eminent domain, the Cooperative shall be entitled to receive the award of such taking. The Cooperative shall use the proceeds of the taking in the following order:

- (a) Payment of any amounts required by any mortgagee under the terms of the agreements between the mortgagee(s) and the Cooperative.
- (b) Establishment of an account in the name of the Cooperative, funded in the amount necessary to repair or rebuild any facilities which have been taken or adversely affected by the taking.
- (c) Purchase of Memberships from the Cooperative Members whose Space was taken or partially taken such that the Space is no longer able to be occupied. If insufficient funds are available from the condemnation award to fully purchase all of the Memberships so affected, then the proceeds shall be allocated on a proportional basis to each Member so affected.
- (d) The Cooperative shall retain any funds and may use the funds in accordance with Section 4.7(e).

ARTICLE 14. CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law and the Davis-Stirling Common Interest Development Act shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the feminine gender includes the masculine and neuter, the singular number includes the plural, the plural includes the singular, and the term "person" includes both the Cooperative and a Natural Person.

ARTICLE 15. AMENDMENTS

These Bylaws may be amended by the affirmative vote of two-thirds of the entire Membership of record at any regular or special meeting, excepting that the provisions of Section 4.7 and of this Article 15 may only be amended by unanimous vote of the entire Membership of record and only with the prior approval of the City of Santa Cruz, and, while its regulatory agreement is in effect the California Department of Housing and Community Development.

Amendments may be proposed by the Board of Directors or by petition signed by at least twenty percent (20%) of the Members. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE 16. CORPORATE SEAL

The Board of Directors shall provide a suitable corporate seal containing the name of the Cooperative, which seal shall be in the charge of the Secretary, if so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE 17. DISPUTE RESOLUTION

Section 17.1 Process. Before the Cooperative or a Member may institute legal action for declaratory or injunctive relief, or begin unlawful detainer proceedings, the parties shall endeavor to resolve the matter through the use of the following two-tiered process. Notwithstanding the foregoing sentence, the Cooperative may institute legal action without engaging in the dispute resolution process outlined in this section where (1) the Cooperative is pursuing collection of delinquent assessments (including collection costs, interest, late charges and attorneys' fees), lien rights or judicial foreclosure; (2) there exists an imminent danger to the health or safety of residents or staff; (3) it is necessary to protect common property from destructive actions; or (4) the Cooperative's legal claim would be barred by the applicable statute of limitations or statute of repose unless legal action was instituted in a timely manner.

Section 17.2 Meet and Confer.

(a) Except as otherwise provided in these Bylaws and except for disputes regarding Assessments, in the event of a dispute between a Member and the Cooperative concerning their rights, duties and liabilities under the Cooperative's Governing Instruments, Civil Code Section 4000 et seq., Corporations Code Section 5110 et seq., the Member or Cooperative may make a written request to meet and confer about such dispute (provided, however, alternate means of requesting to meet and confer may be allowed for members unable to submit a written request) ("Meet and Confer Program").

(b) In the event the Member makes such request, the Cooperative's designee shall promptly meet with the Member at a mutually convenient time and place. In the event the Cooperative makes such request, the Member may, but is not required to meet with the Cooperative's designee. The party initiating the request will detail in writing the reason for the requested meeting. The Cooperative may appoint up to three (3) representatives and the Member may bring up to two (2) individuals with them. At such meeting, if any, the Cooperative and Member shall make a good faith effort to resolve the dispute. Such Meet and Confer Program most conform to requirements set forth in Civil Code Section 5915.

(c) Any resolution of such dispute shall be memorialized in writing and signed by the Member and by the Cooperative's designee. Such resolution shall be judicially enforceable provided that it: (1) does not conflict with local, state, or federal law or the Cooperative's governing documents; and (2) is consistent with the authority granted to the Cooperative's designee by the Board or is ratified by the Board. The Member may not be charged a fee to participate in the Meet and Confer Program.

Section 17.3 Alternative Dispute Resolution. In situations involving declaratory or injunctive relief, or unlawful detainer proceedings, and where the Meet and Confer Program was entered into but unsuccessful in reaching a mutually agreeable resolution to the dispute, the Cooperative will offer to submit the dispute to a professionally-facilitated form of alternative dispute resolution ("ADR") such as mediation or arbitration, binding or non-binding. The Cooperative will initiate the process by serving, by personal delivery, first-class mail, or other means reasonably calculated to provide notice a request for resolution. Such request shall include (1) a brief description of the dispute between the parties, (2) a request for ADR and the type of ADR requested (mediation or arbitration, binding or non-binding), (3) a notice that the party receiving such request is required to respond thereto within thirty (30) days of receipt or it will be deemed rejected. If the Member requests mediation as the preferred form of ADR the Cooperative will agree.

If ADR is rejected by the Member or the Member does not respond to such request within the allotted timeline, the Cooperative may proceed to initiate legal action. If ADR is accepted by the party upon whom the Request is served, ADR shall be completed within ninety (90) days of receipt by the Cooperative of the acceptance, unless extended by written stipulation signed by both parties. The cost of ADR shall be borne equally by the Member and the Cooperative. If such request is served before the end of the applicable time limitation for commencing an enforcement action, then the applicable statute of limitations or statute of repose shall be tolled for the period of time that the ADR process is ongoing.

ARTICLE 18. OPERATING RULES

Section 18.1 Definition. The Operating Rules are the rules adopted by the Board that apply to the management and operation of the Park and the business and affairs of the Cooperative. The Operating Rules shall be in writing, reasonable, and permitted by the Articles of Incorporation and the Bylaws.

Section 18.2 Certain Operating Rule Changes. In compliance with Civil Code Section 4340 et seq.:

(a) The provisions of this Section 18.2 only apply to Operating Rules related to: (1) the use of the common area or exclusive use of a common area; (2) the use of a Mobile Home (including any aesthetic or architectural standards that govern alteration of a Mobile Home); (3) Member discipline (including any schedule of monetary penalties for violation of the Governing Instruments, the Operating Rules or the Occupancy Agreement and any procedure for the imposition of penalties); (4) any standard for a delinquent Assessment payment plan; (5) any procedures adopted by the Cooperative for the resolution of Assessment disputes; (6) any procedures for reviewing and approving or disapproving a proposed physical change to a Mobile Home or to the common area; and (7) procedures for elections.

(b) Operating Rules related to: (1) maintenance of the common area; (2) a specific matter not intended to apply generally; (3) a decision setting the amount of a Regular Assessment or Special Assessment; (4) an Operating Rule change required by law over which

the Board of Directors has no discretion; or (5) issuance of a document that merely repeats existing law or provisions in the Governing Instruments, the Operating Rules or the Occupancy Agreement shall not be subject to this Section but may be adopted by the Board of Directors at any meeting of the Board of Directors in accordance with the meeting procedures set forth in these Bylaws.

(c) In the event the Board of Directors intends to change an Operating Rule subject to this Section 18.2, the Board of Directors shall provide the Members with sixty (60) days General Notice prior to making such change; provided however that no such notice is required if such change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Cooperative. The notice required by this Section 18.2 (c) shall include the text of the proposed Operating Rule change and a description of the purpose and effect of the proposed rule change.

(d) The Board of Directors shall consider any change to an Operating Rule subject to this Section 18.2, at a Meeting of the Board of Directors or at any otherwise duly noticed Meeting, and shall vote on such change only after consideration of any comments made by the Members.

(e) As soon as possible after changing an Operating Rule, but not more than fifteen (15) days after making the Operating Rule change subject to this Section 18.2, the Board of Directors shall provide General Notice of the rule change to every Member. If the change to the Operating Rule was an emergency change necessary to address imminent threat to public health or safety or imminent risk of substantial economic loss to the Cooperative, such notice shall include the text of the Operating Rule change, a description of the purpose and effect of the Operating Rule change, and the date that the Operating Rule change was enacted by the Board of Directors.

(f) A change to an Operating Rule made without notice because such change was an emergency change necessary to address imminent threat to public health or safety or imminent risk of substantial economic loss to the Cooperative, shall be effective for one hundred twenty (120) days, unless the change provides for a shorter effective period, and may not be readopted as an emergency rule.

Section 18.3 Special Meeting of Members to Reverse Operating Rule Change.

(a) Pursuant to Section 5.3, the President shall call a special meeting of the Members, which meeting shall be conducted in accordance with the provisions of Article 5, to consider reversing an Operating Rule change upon a petition signed by five percent (5%) of the Members having been presented to the President or Secretary within thirty (30) days of the date of the earlier of: (1) delivery of the notice delivered by the Board of Directors in connection with the applicable Operating Rule change; or (2) enforcement of the Operating Rule change. The Operating Rule change may be reversed by the affirmative vote of a majority of the quorum of the Membership either at the meeting or by ballot.

(b) An Operating Rule change that is reversed by the vote of the Members may not be readopted for one (1) year after the date of the meeting or close of voting reversing the Operating Rule change.

(c) As soon as possible after any Operating Rule change is reversed, but not more than fifteen (15) days after the close of voting, the Board of Directors shall provide General Notice of the results of the Member vote regarding the reversal of an Operating Rule change.

(d) A change to an Operating Rule made without notice because such change was an emergency change necessary to address imminent threat to public health or safety or imminent risk of substantial economic loss to the Cooperative, may not be reversed by the Members and shall not be subject to this Section 18.3.

ARTICLE 19. OCCUPANCY AGREEMENT

The terms and provisions of the Occupancy Agreement shall apply to all Members regardless of whether a Member has executed this particular form of Occupancy Agreement; except that, if a Member has executed an Occupancy Agreement within one (1) year of the date of these Bylaws, that version of the Occupancy Agreement shall govern until one (1) year from the date of their executed Occupancy Agreement; after which the provisions of the version of the most current Occupancy Agreement shall govern.