

BY-LAWS

Stonegate Woods Homeowners Assn., Inc.

ARTICLE I

Definitions

Section 1. The words "said property" as used in these By-Laws shall be deemed to mean the real property situated in the County of Yolo, State of California, more particularly described in Exhibit "A" which is attached to the Article of Incorporation of this corporation, and such other real property as may be acquired by the corporation by purchase, lease, or future annexation to this association.

Section 2. The word "lot" wherever used in these By-Laws shall be deemed to mean a lot as defined in any declaration of conditions, covenants, restrictions, easements, reservations or charges affecting the property in which the lot is located.

Section 3. The word "project" means the entire parcel or real property referred to in these By-Laws, including all of the sections to be developed as a part of the project, or sections which may legally be annexed in the future.

ARTICLE II

Membership

Section 1. Each owner of a unit, including Declarant, shall be a member of the Stonegate Woods Homeowners Association, Inc. Ownership of a lot or interest therein shall be the sole qualification for and entitlement to membership in the Association. Each owner shall remain a member of the Association until such time as their ownership or ownership interest in all lots in the development ceases, at which time their membership in the Association shall automatically cease.

If a lot is owned by more than one person, each such person shall be a member of the Association, but there shall be no more than one vote for such lot. Said vote to be cast as the owners of said lot amongst themselves shall determine.

Any person claiming to be a member in this corporation shall establish his right to membership to the satisfaction of the Secretary of this corporation. No membership or initiation fee shall be charged, nor shall members be required to pay at any time any amount to carry on the business of this corporation, except to pay the charges or assessments set forth in the declaration of covenants, conditions and restrictions dated \_\_\_\_\_, 1981, executed by the Stonegate Woods Company, a partnership consisting of Alfred F. Smith, Charles J. Smith, David Upham and Smith-Winburn Corporation, or as set forth in any other declaration affecting any portion of the project including the Stonegate Annexation and Supplementary Declaration of Covenants, Conditions and Restrictions dated \_\_\_\_\_.

ARTICLE III

Voting Rights

Section 1. At any meeting of the corporation, each member shall be entitled to cast a number of votes equivalent to the number of assessment units (as defined by the Declaration of Covenants, Conditions and Restrivctions recorded \_\_\_\_\_)

assessed to such owner. Any owner may attend and vote at such meeting in person or by proxy duly appointed by an instrument in writing signed by the owner and filed with the Board of Directors. Any proxy may be revoked at any time by written notice of revocation by the grantor delivered, to the Board of Directors, by grantor's subsequently granting the proxy rights to another or by grantor's attending a meeting of the members and voting in person. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy, except that the maximum term for any proxy shall be three years from the date of execution.

Section 2. Voting for the governing body shall be by secret written ballot. Cumulative voting in the election of governing body members shall be prescribed for all elections in which more than two positions on the governing are to be filled subject only to the procedural prerequisites to cumulative voting prescribed in 7615 (b) of the Corporate Code.

Section 3. So long as a majority of the voting power of the Association resides

in Declarant, at least 20% of the incumbents on the Board shall have been elected solely by the votes of members other than Declarant. Said election to be held immediately prior to the normal election procedures.  
Section 4. If the secretary is notified of a disagreement between the owners of a lot as to the casting of a vote, and said conflict is not resolved prior to the casting of said vote, the vote attributable to that lot shall not be counted.

#### ARTICLE IV

##### Corporate Powers

Section 1. The corporate powers of this corporation shall be vested in, exercised by, and under the authority of, and the business and affairs of this corporation shall be controlled by a board of five directors. The directors, other than those named in the Articles of Incorporation, shall be members of the corporation. Three of said directors shall constitute a quorum for the transaction of business.

Section 2. The Board of Directors shall be permitted to take the following actions only with the vote or written assent of a bare majority of the voting power of the corporation, and at least a bare majority of the votes of Members other than the subdivider:

1. Entering into a contract with a third person wherein the third person will furnish goods or services for the common area or the owners' Association for a term longer than one year with the following exceptions:
  - a. A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.
  - b. A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
  - c. Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits for short rate cancellation by the insured.
2. Incurring aggregate expenditures for capital improvements to the common area in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year.
3. Selling during any fiscal year property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year.
4. Pay compensation to members of the governing body or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the governing body may cause a member or officer to be reimbursed for expenses incurred in carrying on a business of the Association.
5. Filling of a vacancy on the governing body created by the removal of a governing body member.

#### ARTICLE V

##### Election of Directors

Section 1. The directors of the corporation shall, unless otherwise provided herein, be elected by the corporate membership to serve a term of two years until successors are elected.

##### Section 2. Annual Election

- (a) Nominating Committee: Not later than the 1st of October of each year, the Board of Directors shall appoint a nominating committee to be composed of five members of the corporation. The nominating committee shall meet and nominate members in good standing for each vacancy to be filled, to the Board of Directors not later than the regular directors meeting of October of every year.
- (b) Additional Nominations: Any other voting member in good standing may be nominated from the floor by any member of this corporation at any meeting called or held for the purpose of nominating or electing directors.
- (c) Annual Election: On the first Wednesday of December of each year, a meeting shall be held of the members of this corporation, at which meeting directors shall be elected and the members shall attend to such other business as may come before this meeting.

(d) Special Election: A special election upon any matter of policy or the continuation on office of any director or directors may be instituted on the Board's motion or by a written petition to the Board signed by persons entitled to exercise 5% of the voting power of the corporation. The Board shall set said election not more than 40 nor less than 20 days from its own motion or the presentment of said petition. The secretary shall, by postcard mailed not later than the sixth day before said election, directed to the listed address of each voting member, furnish notice of said election as directors by written petitions signed by persons entitled to exercise twenty percent or more of the voting power of this corporation, and presented to the secretary not later than ten days before said election.

(e) Staggered Terms: At the first annual meeting the association shall elect three (3) directors for a term of two years and two (2) directors for a term of one year. Thereafter every director shall be elected for a term of two years. The three directors who receive the most votes at the first meeting shall serve for the two year term.

(f) Removal of directors, limitation: Unless the entire Board of Directors is removed from office by the vote of members of the Association, no individual governing body member shall be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the governing body member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of governing body members authorized at the time of the most recent election of the governing body were then being elected. However, a director who has been elected to office solely by votes of members other than the subdivider may be removed prior to expiration of his term only by a vote of at least a simple majority of the voting power of the members other than the subdivider.

#### ARTICLE VI

##### Vacancies

Vacancies in the Board of Directors but for those caused by the removal of a director, shall be filled by a majority of the remaining directors though less than a quorum, and each director so elected shall hold office until his successor is elected. If any director at any time tenders his resignation to the Board of Directors, the Board of Directors shall have power to elect his successor to take effect at such time as the resignation becomes effective. The election of a director to fill a vacancy caused by the removal of a director shall be carried out in accordance with the procedures set forth in Article V 2(d).

#### ARTICLE VII

##### Power of Directors

The Board of Directors shall have power:

(a) A special meeting of the members shall be promptly be called by the Board upon:

1. The vote for such a meeting by a majority of a quorum of the governing body.
2. Receipt of a written request for a special meeting signed by members representing at least 5% of the total voting power of the Association.

(b) To appoint and remove at pleasure all officers, standing committees, agents, and employees of the corporation, prescribe their duties, fix their compensations, and may require from them security or a fidelity bond for faithful performance of the duties to be prescribed to them.

(c) To conduct, manage and control the affairs and business of this corporation, and to make rules and regulations not inconsistent with the laws of the State of California or the By-Laws of this corporation for the guidance of the officers and management of the affairs of the corporation.

(d) To establish, levy and assess, and collect the charges or assessments referred to in ARTICLE II hereof.

(e) To exercise for the corporation all powers, duties and authorities vested in or delegated to this corporation or which it may lawfully exercise.

(f) Enforce applicable provisions of the Covenants, Conditions and Restrictions, Articles, By-Laws and other instruments for the ownership, management and control of the subdivision.

- (g) Payment of taxes and assessments which are, or could become, a lien on the common area or a portion thereof.
- (h) Contracting for goods and/or services for the common areas, facilities and interests or for the Association, subject to the limitations set forth in Article IV (2).
- (i) Formulation of rules of operation of the common areas and facilities owned or controlled by the Association.
- (j) Initiation and execution of disciplinary hearings in accordance with Article XI (3) of the Covenants, Conditions and Restrictions.
- (k) Entering upon any privately-owned subdivision interest as necessary in connection with construction, maintenance or emergency repair for the benefit of the common area or the owners in common.

#### ARTICLE VIII

##### Duties of Directors

It shall be the duty of the Board of Directors:

- (a) To cause to be kept a complete record of all their minutes and acts, and of the proceedings of the members, and present a full statement at the regular meeting of the members, showing in detail the assets and liabilities of this corporation, and generally the condition of its affairs. A similar statement shall be presented at any other meeting of the members when required by the members who have the right to vote at least one-third of all the votes of the entire membership.
- (b) To supervise all officers, agents and employees of this corporation, and to see that their duties are properly performed.

#### ARTICLE IX

##### Directors Meetings

Section 1. Regular meetings of the board shall be held at a time and place within the subdivision as fixed by the Board no less frequently than once every six (6) months. Ordinarily said meeting shall be held in each odd numbered month on the second Wednesday at 7:45 p.m.

Section 2. Notice of the time and place of said meeting shall be posted at a prominent place or places within the common area and shall be communicated to governing body members not less than four days prior to the meeting, provided that notice of a meeting need not be given to any governing body member who has signed a waiver of notice or a written consent to the holding of said meeting.

Section 3. Special meetings of the Board may be called by written notice signed by the President of the Association, or by any two Board members other than the President. The notice shall specify the time and place of the meeting and the nature of the business to be considered. Notice shall be posted in the manner prescribed for regular meetings and shall be sent to all governing body members not less than 72 hours prior to the scheduled time of the meeting, provided however that no notice need be given to a director who has signed a waiver of notice or a written consent to the holding of said meeting.

Section 4. The transactions of any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present, and if either before or after the meeting each of the directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with corporate records and made a part of the minutes of the meeting.

Section 5. Every act or decision, done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors. In the absence of a quorum, the majority of the directors present may adjourn from time to time until the time fixed for the regular meeting of the Board.

Section 6. Regular and special meetings of the Board of Directors shall be open to all members of the Association provided, however, that Association members who are not on the Board of Directors may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board of Directors.

Section 7. The Board of Directors may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personal matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

#### ARTICLE X

##### Meetings of Members

Section 1. The regular annual meeting of the members shall be held on the 1st Wednesday of December, at the hour of 8 o'clock p.m. at the Stonegate Country Club clubhouse. Members' meetings shall be held within the project or as near as possible, but in no event outside of Yolo County.

Section 2. A special meeting of the members shall be called upon:

(a) The vote for such a meeting by a majority of a quorum of the governing body.

(b) Receipt of a written request for a special meeting signed by members representing at least 5% of the total voting power of the Association.

Section 3. Written notice of each meeting shall be given or sent to each member not less than ten days nor more than sixty days before the time for holding such meeting. The notice will be given by a letter with postage fully prepaid addressed to the member. Each member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address.

Notices shall specify the place, the date, and the hour of the meeting and in the case of a special meeting the nature of the business to be transacted.

Section 4. The transactions at any meeting of the members, however called or noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present, in person or by proxy, if either before or after the meeting each member entitled to vote but not present signs a written waiver of notice, or a consent to the holding of such meeting, or approval of the minutes thereof. All such waiver, consents or approvals shall be filed with the corporate records and made part of the minutes of the meeting. Except as is otherwise provided in the Covenants, Conditions and Restrictions Article XI (7), the presence in person or by proxy of persons entitled to exercise a majority of the votes of this corporation shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of the members may be adjourned from time to time by the majority vote of those present, but no other business may be transacted. Members present at any duly called or held meeting at which a quorum is present in person or by proxy may continue to do business notwithstanding the withdrawal of enough members to leave less than a quorum. An adjournment for lack of a quorum shall be to a date not less than five days and not more than thirty days from the original meeting date. The quorum for such a meeting shall be 25% of the total voting power of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting after adjournment, notice of the time and place of the adjourned meeting shall be given in the manner prescribed for regular meetings.

Section 5. First Annual Meeting. The first annual meeting of the corporate members of the Association shall be held no later than 45 days after 51% of the lots in the project have been transferred and conveyed by declarant, and in any event the first annual meeting shall be held not later than six months after the transfer and conveyance of the first lot of the project by declarant. The first Board of Directors shall be elected at the First Annual Meeting and shall be elected so as to serve staggered terms of office.

Section 6. Certificate of Identity. After the first election of officers of the Association, the officers and the declarant shall jointly execute, acknowledge and record a certificate of identity designating the names of the persons then composing the officers of the Association; after each annual election and at any other time when the membership of the officers may change, the officers shall execute and record certificates of identity of the persons then composing the officers of the Association. Such certificates shall be conclusive evidence of the contents thereof in favor of any person relying upon them in good faith.

Section 7. Notices. Any notice or other document permitted or required to be

delivered by any provision of this Declaration may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four hours after a copy has been deposited in the United States mail, postage prepaid, addressed to such person at the address given by the person to the Association for the purpose of service of notice or addressed to the lot of the person if no address has been given to the Association. The address may be changed from time to time by notice in writing to the Association.

#### ARTICLE XI

##### Officers

Section 1. The officers of this corporation shall be a President, a Vice-President, who shall at all times be members of the Board of Directors, and a Secretary, and a Treasurer, and such other officers as the Board of Directors may, from time to time, by resolution, create.

Section 2. The officers of this corporation, except such officers as may be appointed in accordance with Sections 3 and 4 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office for one year unless he shall sooner resign or shall be removed, or otherwise disqualified to serve.

Section 3. The Board of Directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board of Directors may, from time to time, determine.

Section 4. Any officer may be removed from office either with or without cause by a majority of the Directors at time in office at any annual, regular, or special meeting of the Board. Any officer may resign, at any time by giving a written notice to the Board of Directors, or the President or Secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice, or at any later time specified therein, and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

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

Section 6. The offices of Secretary or Assistant Secretary, and Treasurer, may be held by the same person.

#### ARTICLE XII

##### President

Section 1. The Board of Directors shall at their first regular meeting elect one of their number to act as President, and shall also at said meeting elect a Vice-President.

Section 2. If at any time the President shall be unable to act, the Vice-President shall take his place and perform his duties. If the Vice-President, for any cause, shall be unable to act, the Board of Directors shall appoint some member of the Board to act, in whom shall be vested for the time being all the duties and functions of the President.

Section 3. The President, or Vice-President, or the director appointed as above provided shall:

- (a) Preside over all meetings of the members and of the Board of Directors.
- (b) Sign as President all deeds, contracts, and other instruments in writing which have first been approved by the Board of Directors provided that the Board of Directors may by resolution delegate authority to execute deeds or any instruments in writing to any other officer of the corporation or to a member of the Board of Directors.
- (c) Call the Directors together whenever he deems it necessary and shall have, subject to the advice of the Board of Directors, general supervision direction, and control of the business affairs of the corporation, and generally shall discharge such other duties as may be required of him by the Board of Directors.

#### ARTICLE XIII

#### Vice-President

All duties and powers required by law or by these By-Laws of, and all powers conferred by law or by these By-Laws, upon, the President, shall in his absence, inability or refusal to act be performed by the Vice-President.

#### ARTICLE XIV

##### Secretary and Assistant Secretary

Section 1. The Board of Directors shall elect a secretary, and it shall be the duty of the secretary:

(a) To keep a record of all meetings and proceedings of the Board of Directors, and of the members.

(b) To keep the corporate seal of the corporation and to affix it on all papers requiring the seal of the corporation.

(c) To serve notices of meetings of the Board of Directors and the members required either by law or by the By-Laws of this corporation.

(d) To keep appropriate records showing the members of this corporation together with their addresses as furnished him by such members.

(e) To serve as the routine business administrator of the corporation, to represent the Board of Directors in routine business with the members of the corporation.

Section 2. The Board of Directors may appoint an assistant secretary who, in case of the absence, inability or refusal to act of the Secretary, shall perform the duties of the Secretary.

Section 3. The assistant secretary shall also perform such other duties as may be required of him by the Board of Directors.

#### ARTICLE XV

##### Treasurer

The Treasurer shall keep proper books of account and receive and deposit in such bank or banks as the Board of Directors may, from time to time, direct, all of the funds of the corporation, which funds shall be withdrawn by such officer or officers as the Board of directors shall, from time to time, designate. He shall file such tax or other statements required of the Corporation by law.

#### ARTICLE XVI

##### Books and Papers

The membership register, books of account and minutes of meetings of the members, of the governing body and of committees of the governing body of the Association shall be made available for inspection and copying by any member of the Association or by his duly appointed representative at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the subdivision as the governing body shall prescribe.

The Board of Directors shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the member desiring to make the inspection.

(b) Hours and days of the week when such an inspection may be made.

(c) Payment of the cost of reproducing copies of documents requested by a member.

Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

#### ARTICLE XVII

##### Proxies

At all corporate meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Said proxies are subject to the limitations found within Article III (1).

#### ARTICLE XVIII

##### Corporate Seal

This corporation shall have a seal in circular form having within its circumference the words:

"STONEGATE WOODS HOMEOWNERS ASSN., INC.  
\_\_\_\_\_, 1981"

ARTICLE XIX

Amendments

The By-Laws may be amended by a bare majority of the voting power of the corporation, and at least a bare majority of the votes of members other than the subdivider. However, the voting power to amend a specific provision shall not be less than the percentage of affirmative vote required for action to be taken under that clause. Any amendment must be properly recorded.

ARTICLE XX

Dissolution

This corporation shall not be dissolved nor its fund nor assets liquidated so long as the owners retain title to the project, except by the written consent of those entitled to exercise unanimous consent of the vote of the corporation. The corporation may not be dissolved unless adequate provision has been made for liquidation of all liabilities and obligations of the corporation. Upon dissolution, the corporation shall wind up its affairs and, after paying or otherwise providing for all liabilities of the corporation, shall divide the remaining assets of the corporation among the owners according to the following schedule: the owners of each ownership interest shall be paid an amount equal to the quotient which is obtained by multiplying the value of the remaining assets to be distributed by a fraction, the numerator of which is equal to the number of assessment units (as defined in the Covenants, Conditions, and Restrictions covering the said property) withing the ownership interest of the owner, and the denominator of which is equal to the number of dwelling units in the entire project.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

- 1. That I am the duly elected and acting secretary of Stonegate Woods Homeowners Assn., Inc.
- 2. That the foregoing By-Laws, comprising 20 pages, constitute the By-Laws of said corporation as duly adopted at a meeting of the Board of Directors thereof duly held on

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation, this \_\_\_\_\_ day of \_\_\_\_\_, 1981.

\_\_\_\_\_

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF YOLO )

On this 21 day of June, 1982, before the undersigned, a Notary Public in and for the County of Yolo, State of California, residing therein, duly commissioned, and sworn, personally appeared ALFRED F. SMITH, JR., DAVID W. UPHAM, C.J. SMITH, WILLIAM T. LIGGETT and ALEXANDRA SMITH, known to me to be the persons whose names are subscribed to the foregoing Articles of Incorporation as incorporators and who are also named herein as directors and each duly acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Davis, County of Yolo, State of California, the day and year first above written.

\_\_\_\_\_  
Notary Public in and for said  
County and State