

BYLAWS
OF
SILVERADO PROPERTY OWNERS ASSOCIATION, INC.

A California Non-Profit Public Benefit Corporation

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ARTICLE I NAME

The name of this non-profit public benefit Corporation is the SILVERADO PROPERTY OWNERS ASSOCIATION, INC. (SPOA), organized under the Nonprofit Public Benefit Corporation Law for charitable purposes (Organized pursuant to Internal Revenue Code Section 501(c)(4)).

ARTICLE II PURPOSE, OBJECTIVES AND LIMITATIONS

SECTION 2.1– PURPOSE AND OBJECTIVES

The purpose of this Corporation shall be to promote the social welfare of owners of property within the Silverado Development Area and Silver Trail residential area in Napa, California as a voluntary

member association; to promote the common good and general welfare of the people owning property within said areas; and shall be operated with the intent to bring about civic betterments and social improvements and promote and protect property rights, privileges and values for all property owners within those areas. To that end the Corporation shall:

- a. Encourage all property owners in the aforesaid areas to become members of the Association
- b. Encourage members to recommend improvements for the quality of life at Silverado
- c. Represent the Silverado Development Area and Silver Trail property owners before local governmental or other outside agencies, and coordinate, as appropriate, with the Silverado Resort and Spa Board of Directors and with Silverado Country Club Board of Directors, on matters of mutual concern;
- d. Investigate as appropriate, members' complaints and concerns
- e. Initiate measures to encourage corrective action by the Board of Directors, Owners and Management of the Silverado Resort and Spa, as well as Napa County and other outside agencies;
- f. Keep all members properly informed of the activities of the Corporation.

SECTION 2.2- LIMITATIONS

This Corporation is not organized for the private gain of any person. No part of the funds or assets of the Corporation shall inure to the benefit of any individual member of the Corporation.

ARTICLE III DEFINITIONS

- A. "Board" shall mean the Board of Directors of the Silverado Property Owners Association (SPOA).
- B. "Silverado Development Area" shall mean all of the real property located within the confines of the Silverado Community Services district, as shown on the Map, Appendix A.
- C. "Silver Trail" shall mean that residential development area adjacent to, but not part of, the Silverado Development Area, which is located just south of the Country Club entrance between Atlas Peak road and Milliken Creek. For purposes of membership in SPOA, Silver Trail shall be considered as a part of the Silverado Development Area, with rights to all benefits and protection thereof.
- D. "Corporation" shall mean the Silverado Property Owners Association, Inc.
- E. "Association" shall mean the Silverado Property Owners Association (SPOA).
- F. "SCSD" shall mean the Silverado Community Services District, and shall include the Napa County Board of Supervisors who sit as Directors for SCSD.
- G. "District Advisory Committee" shall mean the representatives of A Cottages, B/C cottages, Creekside, D Cottages, Fairways, Grove, Highlands, Oak Creek East, SCC&R, Silver Trail, Silverado Crest, Silverado Springs, Silverado Oaks, Unit 1, Units 2ABC, Unit 4 and Parcels, Units 5AB, and who, as a body, advise the SCSD Board of Directors
- H. "Architectural Review Committee" shall mean three members of the Association who are appointed or elected to serve as a committee to review building or modification plans to residences within the Silverado Development Area to assist the neighbors with respect to their individual CC&R's, building plans for or modifications to residences within all residential areas which do not have area homeowners associations.

- I. "CC&R's" shall mean the Covenants, Conditions & Restrictions that have been written to apply to property and property owners within the Silverado Development Area, except for those owners who are members of a homeowner's association through that area's duly enacted and recorded CC&Rs.
- J. Any usage of he, him, his shall be considered generic and include the female gender as well.

ARTICLE IV PRINCIPAL OFFICE

The principal executive office for the transaction of activities, affairs and business of the Corporation shall be located at Silverado Country Club, 1600 Atlas Peak Road, Napa, California or the President's home address, as may be determined by the Board. The Board may change the location to another site within Napa County by majority vote.

ARTICLE V MEMBERSHIP

SECTION 5.1- CLASSES AND QUALIFICATIONS

This Association shall recognize one class of membership. Membership is restricted to residents of the Silverado Development Area and the Silver Trail area. For those eligible, membership is voluntary but encouraged. A prospective member shall send written notice to SPOA that such person desires to become a Member, and the Board shall consider that prospective member at the next board meeting. Each prospective member shall agree and assent to be bound by these Bylaws, as they may be amended from time to time, including and without limited to, payment of the prescribed membership fee and annual dues.

Each Property within the membership-eligible area shall be permitted to maintain one membership. A Member who owns multiple qualifying properties may choose to only pay for one membership, although each property will be similarly bound by these Bylaws and voting shall be restricted to one-vote-per-paid-membership.

SECTION 5.2- JOINT OWNERSHIP

When a lot or residence is owned or recorded in joint tenancy or tenancy in common, or when two or more persons have jointly purchased a lot or residence, the Membership in this Association shall be joint, with only one combined vote.

SECTION 5.3- TERMINATION AND/OR SUSPENSION OF MEMBERSHIP

5.3.1 CAUSES OF TERMINATION -

A Membership shall terminate upon the occurrence of any of the following events:

- a. Resignation of Member on reasonable notice to Corporation;
- b. Expiration of term of Membership, unless timely renewed;
- c. Failure of Member to pay dues, fees or assessments as set by the Board within sixty (60) days after they become due and payable;
- d. Close of escrow on sale of property to a new owner;

- e. Expulsion of Member based on good faith determination by the Board that the Member failed in a material and serious degree to observe rules of conduct of the Association, or has engaged in conduct materially and seriously prejudicial to the purposes and interests of the Association.

5.3.2 SUSPENSION OF MEMBERSHIP

A Member may be suspended as indicated in Item E, under paragraph 3.1 above. A suspended Member shall not have any of the rights and/or benefits of Membership for the duration of the period of suspension.

5.3.3 PROCEDURE FOR EXPULSION OR SUSPENSION

If grounds appear to exist for expulsion or suspension of a Member, the Member shall be given fifteen (15) days prior notice by first class or regular mail of the proposed action and reasons therefore. Members shall have the opportunity to be heard orally or in writing at least five (5) days before the effective date of said expulsion or suspension. After such hearing the Board shall advise the Member of its decision and that decision is final. Any challenge must be commenced within one year after said expulsion or suspension.

SECTION 5.4— MEMBERSHIP DUES

5.4.1 Annual Dues

Annual dues shall be set by the Board before the end of the year prior to the year to which the dues are applicable, and payable no later than January 31 of each year. In the absence of a modifying resolution the dues amount shall remain the same as the previous year.

5.4.2 Delinquency

Members shall be considered delinquent if dues have not been paid by March 1 of current year. Delinquent Members have 15 days after written notice by the Board to bring dues current or face termination.

5.4.3 Reinstatement

Members terminated for non-payment of dues may be reinstated after payment of delinquent dues, and approval of the Board.

5.4.4 Refunds

Dues are non-refundable. Members terminating their Membership shall not be entitled to a refund of any dues paid, in part or in whole.

SECTION 5.5— ASSESSMENT

5.5.1 Purpose

Assessment to Members of the Association may only be undertaken for a significant and important project or purpose that cannot be funded from dues revenue. Assessments are recommended but voluntary, however failure to participate in an Assessment may result in expulsion from the Association and other actions deemed appropriate by the Board.

5.5.2 Procedure

Should a special need arise the Board shall present to the Membership either by a special meeting or by mail or email all information as to the need for the special assessment, and the use to be made of the funds collected. Each ballot shall clearly provide for the Member to vote their approval or disapproval of each matter to be considered.

SECTION 5.6– GOOD STANDING

Each Member who has paid the required dues, fees and assessments, and who has not been otherwise suspended in accordance with the Bylaws is considered to be in “Good Standing”. Members who are not in Good Standing may not vote on any matter submitted to a vote of the Members, except as otherwise provided by law.

ARTICLE VI BOARD OF DIRECTORS

SECTION 6.1– NUMBER

The Members of the areas listed below, voting as a group, shall each elect one Director to represent their interests. The areas are shown on Map Appendix A, and are commonly known as:

- a. Cottage A
- b. Cottages B/C
- c. Creekside
- d. D Cottages
- e. Fairways
- f. Grove
- g. Highlands
- h. OCE
- i. SCC & R
- j. Silver Trail
- k. Silverado Crest
- l. Silverado Oaks
- m. Silverado Springs
- n. Unit 1 and lots 2 & 3 of unit 6
- o. Units 2ABC, Rockpile and lots 4 & 5 of unit 6
- p. Unit 4, Simmons property, Westgate parcels, D7A and Silverado Crest (D7)
- q. Units 5AB

Provided the Chairman of the SCSD Advisory Committee and President of Silverado Country Club are Members of the Association, each shall serve as ex-officio members of the Board. The General Manager of the Silverado Resort shall also serve as an ex-officio member of the Board.

SECTION 6.2– NOMINATIONS

Any Member of the Association who is in good standing may nominate another Member in good standing to serve as a Director for the area in which they both own properties, provided that the nominee and nominating Member do not share ownership of the property qualifying each for membership in the area. Nomination is to be made in writing to the Secretary of the Association by November 1 to replace a Director whose term may expire during that year-end.

SECTION 6.3– ELECTIONS

6.3.1 Elections Committee

In September of each year the President shall appoint an Elections Committee of 3 Members, with one of the Elections Committee serving as committee chairman, to conduct and supervise the election of Directors. October 1, the Committee shall request nominees from those areas of Section 1 above in which the Directors' terms are expiring. Unless an area's nominee is uncontested, the Committee shall prepare a printed ballot for each area for which a Director is to be elected, listing all nominees for that area. The committee shall mail ballots to all Members in the respective areas who are in good standing no later than November 15 of the year in which the election is to take place.

6.3.2 Voting

Members in good standing of each area listed in Section 1 of this Article may vote for their desired Director nominee for their area only. Members wishing to return a ballot shall sign and return the ballot by December 15. The Election Committee shall then tally and publish the results by sending written notice to Association Members no later than December 20 of that year. Director nominees receiving the most votes in each area shall become the Director of said area.

6.3.3 Term of Office

Elected Directors shall take office effective January 1 for a three-year term. Term of Ex-Officio Directors shall coincide with their term and/or employment as Chairman of SCSD Advisory Committee as President of the Country Club Board, and as the General Manager of the Silverado Resort.

6.3.4 Unexpired Term of Office

Should a Director die, resign, be removed from office, or otherwise be unable to complete their term of office, the President shall appoint a successor Member in good standing from the same area to serve remaining term. Person so appointed shall begin serving immediately to serve out the unexpired term.

SECTION 6.4– EQUAL RIGHTS

6.4.1 Publications

If there is more than one nominee for a Director vacancy the Association shall make equal space and opportunity available for each nominee in the Newsletter, website or other publication of the Association for the purpose of the election. The ordering of nominees shall be in alphabetical order.

6.4.2 Mailing election material

Any director nominee may submit a written request to the Association to obtain the area membership list, which the Association shall make available for inspection and copying by October 15. The Association shall provide whatever contact information the Association has on file for the relevant area.

6.4.3 Use of Corporate Funds

No Corporation funds may be expended to support a nominee for Director.

SECTION 6.5– POWERS

6.5.1 General Corporate Powers

The affairs of the Corporation shall be managed, and all Corporate powers shall be exercised, by or under the direction of the Board, subject to the provision of the California Nonprofit Corporation Law and any limitations in the Articles of Incorporation or these Bylaws relating to action to be authorized or approved by the Members.

6.5.2 Specific Powers

Without prejudice to those General Powers, and subject to same limitations, the Board shall have the authority and responsibility to:

- a. Appoint and remove all officers or agents, prescribe their duties and appoint a Member from same area to fill unexpired term of any Director whose position becomes vacant.
- b. Prescribe appropriate procedural rules and regulations for the Board in managing the affairs of the Corporation;
- c. Establish Corporation positions and initiate action on behalf of membership concerning matters pertinent to the homeowners within the Silverado Development Area and Silver Trail area, which may require actions by governmental bodies, Silverado Resort and Spa Ownership or management, Silverado Country Club or other agencies responsible for taking such action or approving such matters;
- d. Provide advisory guidance to property owners regarding interpretation of the CC&Rs for any areas within the Silverado Development Area or Silver Trail area, for communities for which there are no homeowners associations, so long as there is no cost to the Association. Nothing herein shall limit, restrict, supersede, expand or diminish the rights at law, contract or equity, of any Member to make or sustain any claim, demand, cause of action or enforcement activity under any association or organization of which that Member is a member;

- e. Appoint 3 Members to the Architectural Review Committee, who shall serve at the pleasure of the Board, or until their resignation or inability to continue to serve.
- f. Keep all Members informed of affairs of the Association;
- g. Change principal executive or business office if necessary, within Napa County; and
- h. Borrow money or incur indebtedness on behalf of the Corporation up to and including obligations of \$10,000 (ten thousand dollars), with larger obligations requiring a majority of the membership vote at a properly noticed meeting.

In the absence of a Quorum of the Board, after attempt to coordinate a vote of the Board, the President may unilaterally implement any of the above-described powers of the Board on an interim basis until a Quorum of the Board may convene to ratify or otherwise take action on such item, and with the express exception of Item “h”, above, which shall not be within the powers of the President alone and shall be reserved exclusively for Board action.

SECTION 6.6– REMOVAL FROM OFFICE

6.6.1 By Board

By majority vote of remaining Directors, the Board may remove a Director from office who:

- a. Has missed 3 consecutive regular meetings;
- b. Been declared of unsound mind by order of court;
- c. Been convicted of a felony;
- d. Been found by final order of judgment of any court to have breached a duty under the California Nonprofit Corporation Law; or
- e. Failed to observe rules of conduct of the Corporation, or engaged in conduct materially and seriously prejudicial to the Corporation’s purposes.

6.6.2 By Members

A majority of the Members in good standing of an area may remove their Director from office by the following process:

- a. Upon written notice to the Board, providing the basis for such action, and signed by at least 10% of area membership; and
- b. Providing an opportunity for the Director to be heard before a meeting of the area Members they represent. An officer of the Corporation shall act as chair of the meeting, and there shall be a quorum of the Board present. At the close of the meeting, a written vote shall be taken. The meeting shall be conducted in person, notwithstanding any other bylaw or rule to the contrary providing for electronic, telephonic, or written meetings.

SECTION 6.7– COMPENSATION

Directors shall not receive compensation for their services, but the Board may authorize the Corporation to reimburse a Director for expenses incurred on legitimate Corporation business.

ARTICLE VII OFFICERS

SECTION 7.1– ELECTION AND REPLACEMENT

Officers of this Corporation shall be President, Vice President, Secretary and Treasurer. The Board of Directors shall elect corporate officers annually by at the first meeting of each year no later than January 31 of that year. Officers shall serve a one-year term, and may be re-elected to serve successive terms. Any officer may be removed, with or without cause, by a 2/3rds (two-thirds) majority vote of the Board during a regular or specially called meeting. The Board or President shall fill any vacant officer position as soon as practical by election at the next regular meeting, if one is scheduled to occur within six months, or if not, by a special Board meeting.

SECTION 7.2– PRESIDENT

Subject to powers as may be given by the Board the President shall

- a. Supervise, direct and control the business and officers of the Corporation when the Board is not in session;
- b. Call and preside at regular meetings and/or special meetings of the Board or general membership;
- c. Exercise such other powers and perform such other duties as may be prescribed by the Board or these Bylaws;
- d. Approve reimbursements for legitimate expenses of the association; and
- e. Designate signors for checks to be written.

SECTION 7.3– VICE PRESIDENT

In the absence of the President, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of the President, as well as all restrictions thereof. The Vice President shall have such other powers as the President and/or the Board may define.

SECTION 7.4– SECRETARY

The Secretary shall:

- a. Keep a record of all minutes, meetings and actions by the Directors, Committees and/or Members, specifying time and place, regular or special and all other pertinent details. All records shall be kept at the executive office;
- b. Keep a record at the executive office of all Members, including names and addresses and class of membership;
- c. Keep a copy of the Articles of Incorporation, Bylaws and CC&R's for each area; tallies of actual votes and other Corporation documents;
- d. Provide notices to all Members of all meetings required or permitted by law or these Bylaws;

- e. Distribute other notices and statements otherwise required or permitted by law or these Bylaws;
- f. Establish procedures to obtain names of new property owners within the Silverado area and the Silver Trail area so that invitations may be extended to them to join the Association; and
- g. Perform any and all other duties pertinent to the office of Secretary as prescribed by the Board or these Bylaws.
- h. Post minutes and other documents as needed to the SPOA website

SECTION 7.5– TREASURER

The Treasurer shall:

- a. Keep adequate records of properties and business transactions of the Corporation, including accounts of assets, liabilities, receipts, disbursements, as well as other matters generally included in financial statements. Such statements shall be open to inspection at all times on mutually-acceptable times, but in no event more than 15 days after receiving such request;
- b. Receive and issue receipts for all dues, assessments and/or other funds owed to the Corporation in conjunction with the Membership and Dues Committee Chair;
- c. Shall deposit all funds in the name and to the credit of the Corporation in an interest bearing and/or operating checking account in a financial institution as designated by the Board;
- d. Disburse funds not to exceed \$1,000 (One-Thousand Dollars) for one statement requiring the signature of President, Vice President or Treasurer. Disbursement of funds over \$1000 require prior written consent of any other officer;
- e. Provide quarterly accounting of all transactions and financial statements to the Board;
- f. Prepare yearly financial statement of condition and operating statements, as prepared by the Treasurer no later than January 31st, which the Secretary shall timely send to all Association Members;
- g. If required by the Board, provide a bond in the amount and with the surety specified by the Board for faithful performance of his office, and for restoration to the Corporation of all records, funds and properties at the end of his tenure; and
- h. Obtain annual Director and Officer liability insurance in a reasonable amount to be determined at the final regular meeting of the previous year.
- i. Prepare and file required tax returns and annual non-profit report to the State of California Attorney General

ARTICLE VIII COMMITTEES

SECTION 8.1– APPOINTMENT

The President may form committees, as necessary and with Board consent, to carry on the Corporation's business. Committee members will serve at the pleasure of the President. There shall be at least an Executive Committee comprising corporate officers, an Election Committee, and an Architectural Review Committee and a Landscaping Committee, and Membership and Dues Committee. Each duly-formed committee shall appoint a committee chair and secretary.

SECTION 8.2– RECORDS

The committee secretary shall keep minutes of each meeting, and shall provide all records to the Corporate Secretary to file with the corporate records.

SECTION 8.3– EXECUTIVE COMMITTEE

The President may, after consulting with the Board of Directors, designate one Director (who may also be serving as an officer of this corporation), together with the corporate officers and past presidents, to constitute an executive committee of the Board and delegate to such committee any of the powers and authority of the Board in the management of the business and affairs of the corporation, except with respect to:

- a. The approval of any action which, under law or the provisions of these bylaws, requires the approval of the Board members or of a majority of all of the Members.
- b. The fixing of compensation of the Directors for serving on the Board or on any committee.
- c. The amendment or repeal of bylaws or the adoption of new bylaws.
- d. The amendment or repeal or any resolution of the Board which by its express terms is not so amendable or repealable.
- e. The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected.
- f. The approval of any transaction to which this corporation is a party and in which one or more of the Directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

By a majority vote of its Members then in office, the Board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the Board. The committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board from time to time as the Board may require.

ARTICLE IX MEETINGS

SECTION 9.1– 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 these bylaws, with the articles of incorporation of this corporation, or with provisions of law.

SECTION 9.2– DIRECTORS MEETINGS

- 9.2.1 The Board shall hold regular quarterly meetings at the Silverado Country Club, or at such other time and place as the Board may designate. The Secretary shall provide notice of meetings at least 72 hours prior to each meeting.

9.2.2 The President, or in his absence, the Vice President, or any three Directors, or 10% (ten percent) of the Members in good standing of an area may call a special meeting of the Board at any time upon no less than 48 hours' advance written notice to all Members and Directors. The Secretary shall be notified of such special meeting, and will be charged with providing no less than 48 hours' notice in advance to the Board and all Members, and shall designate the time and place of such meeting.

9.2.3 Summary reports of regular or special meetings shall be distributed to Members within 30 days following said meeting.

9.2.4 The Board may not conduct any business of the Corporation, excluding a motion to adjourn the meeting, unless a quorum of a majority of the elected Directors is present.

SECTION 9.3– MEMBERS MEETINGS

9.3.1 An annual Member meeting may be held between October 1 and January 31 at such time and place as designated by the Directors, with notice of location provided to Members at least 72 hours prior to said meeting by posting said notice in the SPOA newsletter and/or on the SPOA website. In lieu of a meeting, an annual report may be issued in the HOA newsletter or on the SPOA website.

9.3.2 The President, or in his absence, the Vice President, or any three Directors, or 10% (ten percent) of the Members in good standing of an area may call a special meeting of the membership. Such requests shall be in writing and shall indicate specific reason(s) for said meeting. Only the business stated in said petition may be discussed at the special meeting.

9.3.3 NOTICE

The Secretary shall distribute notice of any meeting of Members to all Members at least 30 days prior to the meeting date. Notice shall include date, time and place together with an Agenda.

9.3.4 SPECIAL AGENDA ITEMS

Approval of Members of any of the following proposals is valid only if the notice states the general nature of the proposal(s):

- a. Removing a Director or Officer, with or without cause;
- b. Amending Articles of Incorporation or Bylaws;
- c. Approval of a contract or transaction between the Corporation and one or more directors, or between Corporation and any entity in which a director has a material financial interest; or
- d. Electing to wind-up and dissolve the Corporation.

9.3.5 AFFIDAVIT OF NOTICE

The Board of Directors may direct the Secretary to execute an affidavit affirming that the notice of the annual meeting or any special meeting of the Members or of the Board has been given in accordance with these Bylaws. Any affidavit so executed shall be filed and maintained with the minutes of the meeting in the Corporation's minute book.

SECTION 9.4– QUORUMS

- a. Board of Directors – A majority of elected Directors shall be necessary to transact business of the Board.
- b. Committee Meetings - A majority of committee members shall constitute a quorum.
- c. Members Meetings – 10% of the voting power, either by attendance in person or by valid proxy, shall constitute a quorum for transaction of business at all membership meetings.
- d. Loss of Quorum – Attendees present at a duly called or held meeting, at which a quorum is initially present, may continue to transact business even if enough Members have withdrawn to leave less than a quorum. Any action(s) taken must be approved by at least a majority of attendees remaining to be valid. A meeting at which fewer than three attendees remain must adjourn without conducting further business.

SECTION 9.5– VOTING

- a. Each attendee entitled to vote on the date of said meeting is entitled to cast one vote on each matter submitted during the meeting. Members qualifying to vote through ownership of property held in joint tenancy, tenancy in common, or other common ownership may only vote as one vote, and must agree among the common members how to vote. A proxy is not necessary to exercise the right to vote arising out of common ownership. Voting may be by voice or ballot, or e-mail, except that election of Directors may be by ballot if demanded by any Member prior to October 15. The Board of any duly-appointed and formed Homeowners Association for any areas of SPOA represented by such an association may exercise that area's right to vote according to their own policies and procedures.
- b. If quorum is present, the affirmative vote of the majority shall be the act of Members, unless a greater number is required by the California Non-Profit Mutual Benefit Law or the Articles of Incorporation.

SECTION 9.6– ACTION BY WRITTEN BALLOT WITHOUT A MEETING

- 9.6.1 Except as provided elsewhere in these bylaws, any action that may be taken at a meeting of Members may be taken without a meeting by written ballot, which:
- a. Sets forth the proposed action(s) or decision(s);
 - b. Provides for indication of approval or disapproval of action(s);
 - c. Provides reasonable time in which to return ballot for validation;
 - d. Indicates number of responses required to meet quorum requirements;
 - e. Indicates percentage of approvals required to pass/approve measure(s);

- f. Subject to reasonable specific conditions, permits Member(s) to specify a choice for casting said vote on any issue decided or approved.

9.6.2 Votes and Approvals Required

Approval by written ballot shall be valid only when the number of votes cast within the time specified equals or exceeds the quorum required to be present at a meeting authorizing action.

9.6.3 Filing

All written ballots shall be filed in the corporate records for a minimum of 2 years.

SECTION 9.7- RECORD DATE

If not otherwise fixed by the Board, the record date for determining Members eligible to attend meetings, vote or submit written ballots shall be the date on which the Board adopts the resolution relating to any such issue, or the date of the proposed meeting, or the date on which written ballot solicitation or notice is mailed, whichever is later.

SECTION 9.8- PROXIES

- 9.8.1 Each person entitled to vote shall have the right to do so in person or by an agent authorized by written proxy, signed and filed with the Secretary or emailed to any officer. Said proxy shall provide an opportunity for the Member to provide a choice between approval and disapproval. A proxy marked "withhold" shall not be voted.
- 9.8.2 Every revocable proxy shall specify the matter(s) to be voted on to be valid.
- 9.8.3 A validly executed proxy shall continue to be in force until revoked or superseded by subsequent proxy. However, no proxy shall be valid after 11 months from original date of proxy.

ARTICLE X ARCHITECTURAL REVIEW COMMITTEE GUIDELINES

The Architectural Review guidelines shall be attached as an exhibit to these Bylaws. The Committee is an advisory committee to Members of SPOA.

ARTICLE XI INDEMNIFICATION

SECTION 11.1- DEFINITIONS

For the Purpose of this Article

- 11.1.1 "Agent" means any person who was/is a Director, officer or other Member duly authorized by the Board to serve as an agent of this Corporation, or was such in the predecessor organization to this Corporation.

11.1.2 “Proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative.

11.1.3 “Expenses” includes all attorney’s fees, costs and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his position or relationship as agent to this corporation, and all attorney’s fees, cost and other expenses incurred in establishing a right to indemnification under this Article.

SECTION 11.2– SUCCESSFUL DEFENSE BY AGENT

If an agent has been successful in the defense of any proceeding referred to in this Article, or in defense of any claim, issue or other matter therein the agent shall be indemnified against expenses actually and reasonable incurred in connection therewith. If the agent settles such claim or sustains a judgment rendered against them, the provisions of Section 3 through 5 following shall determine entitlement to indemnification.

SECTION 11.3– ACTIONS BROUGHT BY PERSONS OTHER THAN THE CORPORATION

Subject to the required findings to be made pursuant to Section 11.5 below, this Corporation shall indemnify any Member or Director who was or is or threatened to be made a party to any proceeding by reason that such person is or was an agent of this Corporation authorized by the Board, excepting the negligence or willful misconduct of such persons and the limitations of Section 11.5, below, and for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding. Indemnification shall not apply to an action brought by or on behalf of the Corporation or by an officer, Director or by the Attorney General on the ground that the defendant agent was or is engaging in self-dealing with the meaning of California Corporation Code section 5233, or by the Attorney General or person granted related status for any breach of duty relating to assets held in charitable trust.

SECTION 11.4– ACTION BROUGHT BY OR ON BEHALF OF THE CORPORATION

11.4.1 Claims settled out of court – The Corporation shall not indemnify the agent for amounts paid pursuant to the terms of any settlement or other disposition, or for any expenses incurred in defending against any proceeding in any matter or dispute in which an agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this Corporation.

11.4.2 Claims and Suits awarded against agent – If an agent is adjudged liable to the Corporation because they are or were an agent of the Corporation, this Corporation may, but need not indemnify such agent for expenses actually and reasonable incurred in the defense of that action, provided that both of the following requirements are met:

- a. The determination of good faith conduct is made in the manner provided for in Section 5 below; and
- b. Upon application, the court in which the action was brought must determine that the agent is entitled to indemnity and the appropriate amount of reimbursement, if any.

SECTION 11.5– DETERMINATION OF GOOD FAITH

Indemnification granted to an agent in Sections 3 and 4 above is conditioned on the following:

11.5.1 Required Standard of Conduct – the agent seeking reimbursement must be found in the manner provided in Section 11.5.2 hereof to have acted in good faith, in a manner they believed to be in the best interest of the Corporation, and with such care, including reasonable inquiry as an ordinarily prudent person in a like position would use in similar circumstances.

11.5.2 The termination of a proceeding by judgment, order, settlement, conviction or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in the best interest of this Corporation or that he had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his conduct was unlawful.

SECTION 11.6– MANNER OF DETERMINATION OF GOOD FAITH

Determination that the agent did act in a manner complying with Section 11.5.1 above shall be made by

- a. The Board by a majority vote of quorum consisting of Directors who are not party to the proceedings;
- b. The affirmative vote (or written ballot in accord with Section 6, Article IX) of a majority of the votes represented and voting at a duly held meeting at which a quorum is present; or
- c. The court in which the proceeding is or was pending. Such determination may be made on application brought by this Corporation, the agent seeking indemnification, or the attorney or other person rendering a defense of the agent, whether or not this Corporation opposes the application.

SECTION 11.7– LIMITATIONS

No indemnification or advance shall be made under this Article, except as provided in Sections 2 or 5.1 above on any circumstance when it appears that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 11.8– ADVANCE OF EXPENSES

The Corporation may advance expenses that an agent incurs in defending any proceeding before final disposition of the proceeding, on receipt of an agreement by or on behalf of the agent to repay the amount of the advance unless the agent is determined ultimately to be entitled to be indemnified.

SECTION 11.9– RIGHTS OF NON-DIRECTORS AND NON-OFFICERS

Nothing in this Article shall affect any right to indemnification to which persons other than Directors and officers of this Corporation may be entitled by contract or otherwise.

SECTION 11.10– INSURANCE

The Board may adopt a resolution authorizing the purchase of insurance on behalf of any agents of the Corporation against any liability asserted against or incurred by the agents in such capacity or arising out of the agents' status as such, whether or not this Corporation would have the power to indemnify the agents against that liability under the provisions of this section. Such insurance may affect and/or enlarge indemnification rights otherwise available under this Article, but may not reduce or eliminate such rights without the insurer agreeing to indemnify the agent under the terms and conditions of this Article.

ARTICLE XI RECORDS AND REPORTS

SECTION 12.1– CORPORATE RECORDS

The Corporation shall maintain:

- a. Adequate and correct books and records of account;
- b. Written minutes of the meetings or proceedings of the Members, Board of Directors, and committees of the Board; and
- c. A Member registry listing each Member's name and address of record

SECTION 12.2– INSPECTION RIGHTS

Any Member of the Association, or a duly authorized agent or attorney for the Member may:

- a. Inspect and copy the records of the Members names, addresses and voting rights during usual business hours upon 10 days prior notice stating the purpose for which the inspection rights are requested; and
- b. Obtain by written demand, upon 10 days written notice and payment of appropriate charges, a current list of Members' names, addresses and eligibility to vote for the election of an area Director. The demand shall state the purpose for which the list is requested.

SECTION 12.3– INSPECTION OF ARTICLES AND BYLAWS

The Corporation shall keep the original or a certified copy of the current Articles and Bylaws at its principal executive office, which shall be open to inspection by Members at all reasonable times of office hours.

SECTION 12.4– INSPECTION OF OTHER CORPORATE RECORDS

Accounting books, records, minutes of proceedings of the Members, Board of Directors, committees of the Board shall be kept in written, typewritten, and/or electronic form in the

principal executive office and open to inspection by any Member or their duly authorized agent or attorney during reasonable office hours.

SECTION 12.5– ANNUAL REPORT TO MEMBERS

The Secretary shall distribute an annual report to Members with the annual Homeowner's Association newsletter, placed on the website, or otherwise mailed no later than 120 days after close of the fiscal year. The report shall contain in appropriate detail:

- a. An end of year balance sheet to include an income statement and statement of changes in financial position, accompanied by any report on them by independent accountants or certificate of an authorized officer of Corporation that they were prepared without audit;
- b. A statement of the place where the names and addresses of current Members are located; and
- c. A statement of any transactions, including loans, guarantees or indemnifications or advances under Article XI, aggregating more than \$10,000 made during or within 120 days after the end of the fiscal year, in which any officer, director or agent of the Corporation had a direct or indirect financial interest. Such statement shall include a brief description of and reason for the transaction, names of persons involved, their relationship to the Corporation and the amount of that interest.

ARTICLE XIII FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year, except that the first fiscal year period shall begin on the date of incorporation and shall end on December 31 of that year.

ARTICLE XIV TERMINATION OF THE CORPORATION

SECTION 14.1– DISSOLUTION

The Members in good standing may vote to dissolve the Corporation at a meeting duly called for the purpose, or by mailed ballot vote. Such a vote shall require assent by at least 51% (fifty one percent) of the Members entitled to vote. The withdrawal of a group of Members shall not be sufficient cause for dissolution.

SECTION 14.2– ASSET DISTRIBUTION

Upon dissolution of the Corporation, any assets remaining after payment or provision of payment for all debts and liabilities of this Corporation shall be distributed to a non-profit fund or foundation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)4 of the Internal Revenue Code.

ARTICLE XV AMENDMENTS

SECTION 15.1- AMENDMENTS BY THE BOARD

15.1.1 Limitation to Board Rights. Subject to the rights of the Members and Sections 1.2 or 2 of this Article, the Board may adopt, amend or repeal bylaws, unless the action would:

- a. Materially and adversely affect the Members' rights to voting, dissolution, redemption or transfer;
- b. Effect an exchange, reclassification or cancellation of all or part of the membership; or
- c. Authorize a new class of membership.

15.1.2 Members Approval Required. The Board may not, without the approval of a majority of its Members specify or change any bylaw which would:

- a. Change the number of Directors authorized in Section 6.1, Article VI;
- b. Change the area represented by each of the Directors in that section;
- c. Increase or extend the terms of Directors, except as they are reelected for an additional term or terms by Members of the area they represent;
- d. Increase the quorum for Members' meetings;
- e. Repeal, restrict, create expand or otherwise change proxy rights; and/or
- f. Authorize cumulative voting

SECTION 15.2- AMENDMENT BY MEMBERS

New bylaws may be adopted or these bylaws may be amended or repealed by approval of a majority of the Members or proxies or by written assent of these persons.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the presently elected and acting Secretary of Silverado Property Owners Association, Inc., a California Nonprofit Public Benefit Corporation, and the above bylaws, consisting of 20 pages are the bylaws of this Corporation as adopted at a meeting of the Board of Directors held on

July 31, 2020



Secretary

Leandra Stewart