

**VILLA CABALLEROS HOMEOWNERS ASSOCIATION
SUMMARY/INDEX OF CHANGES
FOR
FIRST RESTATED CC&RS AND FIRST RESTATED BYLAWS**

NOTE: *This summary outlines the changes that the Board feels are significant. This document should not be solely relied upon when making your decision on how to vote. It is incumbent upon you to review the restatements and compare them to the current governing documents (CC&Rs & Bylaws). Copies of the current governing documents may be requested from the property manager.*

CC&RS			
Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Restated CC&Rs	References to Declarant and its rights and obligations have been deleted. <i>Since the developer is no longer involved with the project, the Declarant provisions are not necessary.</i>	CC&Rs	Contains references to Declarant, who is no longer involved in the project.
Article 1	Definitions	Article I	Definitions
Article 1, Sections 1.1 and 1.2	Includes definitions for Annual Budget Report and Annual Policy Statement. <i>These are new terms defined in California law.</i>	Article I	No similar provision.
Article 1, Sections 1.24 and 1.26	Includes definitions for General Delivery/Notice and Individual Delivery/Notice. <i>These are new terms defined in California law.</i>	Article I	No similar provision.
Article 1, Section 1.40	Defines “Voting Power” to exclude Owners whose voting rights have been suspended.	Article I	No similar provision.
Article 2	Membership and Voting Rights in Association	Article V	Membership and Voting Rights in Association
Article 2, Section 2.2	One class of voting members.	Article V, Section 3	The two-class voting structure has expired.
Article 2, Section 2.4	Addresses joint Owners’ votes.	Article V	No similar provision.

Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Article 3	Property Rights and Obligations of Owners	Articles III & XVI	Rights of Enjoyment; Easements
Article 3, Section 3.2(D)	Notice to Owner of intent to impose disciplinary action (e.g., suspension) must be made at least ten (10) days prior to action being taken. References <i>Civil Code</i> Section 5855 which contains appropriate time frame for notification.	None	Does not reference current time frame or Code section requirements for due process.
Article 3, Section 3.7	Sets forth various obligations of Owners	None	No similar provision.
Article 4	Powers and Duties of the Association	Article VII	Management of the Association and the Project
Article 4, Section 4.1	Sets forth Directors' standard of care and limitation of liability.	Article VII	No similar provision.
Article 4, Section 4.2	Addresses issues upon which Directors can not vote due to a conflict of interest.	Article VII	No similar provision.
Article 4, Section 4.4(A)	Includes legally required procedure to mail proposed Rules to Owners for review prior to adoption by Board. <i>This is due to a change in California law.</i>	Article VII, Section 10	Does not include statutorily required procedure to mail proposed Rules to Owners for review.
Article 4, Section 4.6(A)	Board can borrow money in amounts up to 5% of the budget without a vote of the Owners. To borrow more than 5% of the budget, the Board will need approval of a majority of the Voting Power. <i>This is common practice.</i>	Article III, Section 1(c)	Board needs approval of a majority of the voting power in order to borrow any amount of money.

Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Article 4, Section 4.6(D)	Board can convey and grant easements or licenses in the Common Area worth up to 5% of the budget without a vote of the Owners. If the value exceeds 5% of the budget, the Board will need approval of a majority of the Voting Power.	Article III, Section 1(d)	Board needs approval of a majority of the voting power in order to convey the Common Area regardless of the value.
Article 5	Covenant for Maintenance Assessments to Association	Article VI	Covenant for Maintenance Assessments
Article 5, Section 5.3(A)	Regular Assessment increases up to 20% of the previous year's assessment can be made without a vote of the Owners. <i>This is required by current California law and the documents cannot be more restrictive.</i>	Article VI, Section 5	Regular assessment increases more than 10% of the previous year's assessments requires approval of a majority of the Owners at a meeting or vote. <i>This provision does not comply with current California law.</i>
Article 5, Section 5.3(B)	Notice of the Regular Assessment for the next year shall be mailed not less than 30 and not more than 90 days before the end of the current fiscal year. <i>This is in compliance with California law.</i>	Article VI, Section 3	Notice of the Regular Assessment for the next year shall be mailed not later than 60 days before the end of the current fiscal year. <i>This provision does not comply with current California law.</i>
Article 5, Section 5.6	Board can impose liens for Reimbursement Assessments for damage to common area.	Article VI, Section 6	Can not lien for Reimbursement Assessments.
Article 5, Section 5.10	Refers to pre-lien requirements for delinquent Assessments. <i>This is required by California law.</i>	Article VI, Section 14(b)	Does not refer to pre-lien requirements.

Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Article 5, Section 5.11	References <i>Civil Code</i> Section 5705 et seq. which limits foreclosures to \$1,800.00 or 12 months of delinquent assessments. <i>This is in compliance with current California law.</i>	Article VI, Section 14(b)	Does not refer to current statutory requirements with foreclosure limitations.
Article 5, Section 5.13	Provides for assignment of rents to Association for delinquent Assessments owed by Owner of Unit	Article VI	No similar provision.
Article 6	Use Restrictions	Article IV	Use Restrictions
Article 6, Section 6.1(B)	Allows “in home” business use so long as there is no external evidence of such business and the occupation does not have any detrimental effect on neighboring Units or the Project.	Article IV Section 1	Units may not be used for business purposes.
Article 6, Section 6.3(B)	Allows posting of non-commercial signs, flags and banners in conformance with California law and the Rules and Regulations. <i>This is in accordance with current law.</i>	Article IV Section 4	Does not reference non-commercial signs.
Article 6, Section 6.4	Satellite dishes and antennae that are one meter or less in diameter may be installed in the Unit or Exclusive Use Common Area without approval from the Architectural Committee. They may not be installed on railings, sides of building or roof without approval. <i>This is in compliance with current Federal and California law.</i>	Article IV Section 13	Requires Board approval for antenna unless fully contained within a Unit.

Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Article 6, Sections 6.14	Prohibits timeshares; no more than 4 individuals or entities may own a Unit. <i>This is common practice to prevent Association from becoming a “timeshare.”</i>	Article IV	No similar provision.
Article 6, Section 6.17	References Code of Conduct which may be adopted by the Board for conduct of Owners, their tenants, guests, family members, invitees, etc.	Article IV	No similar provision.
Article 6, Section 6.18	Limits hard surface floor coverings in second or third floor Units to certain areas and requires Architectural Committee review and approval by the Board for flooring modifications	None	No similar provision.
Article 6, Section 6.19	Prohibits smoking of any substance in the Common Areas and Common Facilities, i.e., pool, spa, tennis court, etc.	None	No similar provision.
Article 7	Architectural Control	Article XII	Architectural Control
Article 7, Section 7.3(B)	If a plan is disapproved, the disapproval must include a description of why the plan was disapproved. <i>This is in accordance with current law.</i> Also, Board has 45 days to approve or disapprove a proposed modification. <i>This is custom practice.</i>	Article XII, Section 3	No requirement regarding description of disapproval. The Board only has 30 days to approve or disapprove a proposed modification.

Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Article 7, Section 7.5	Architectural guidelines that pertain to procedures for reviewing and approving/disapproving proposed physical changes to a Unit must first be sent to owners for review and comment - like Rules. Also, the Governing Documents may not prohibit the use of low water using plants as a group <i>This is in accordance with current law.</i>	Article XII	No similar provision.
Article 7, Section 7.9	Specifies that approval of plans may not be made by an individual Director.	Article XII	No similar provision.
Article 7, Section 7.10	Unless a longer period is authorized by the Board, improvements must be completed within 1 year.	Article XII, Section 3(a)	Time for completion may be specified in Architectural Standards.
Article 8	Renting/Leasing of Condominiums	Article IV, Section 12	Leasing does not have its own Article.
Article 8, Section 8.2(E)	Minimum lease term is thirty (30) days.	Article IV, Section 12	No minimum lease term.
Article 8, Section 8.2(F)	Association can pursue tenant's rental payments for Owners delinquent in Assessments.	Article IV, Section 12	No similar provision.
Article 8, Section 8.2 (G)	Association has the power and authority (but not the obligation) to enforce breaches of the documents directly against the tenants, including the power to evict the tenants.	Article IV, Section 12	No similar provision.
Article 9	Maintenance Responsibilities	Article VII (Various Sections)	Management of the Association and the Project

Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Article 9	Entire Article is dedicated to Maintenance	Article VII, Sections 2 - 5	Maintenance provisions are not in a dedicated Article.
Article 9, Section 9.1	References Maintenance Matrix as exhibit that lists maintenance responsibilities of Owners and Association.	Article VII	None
Article 9, Section 9.9	Each Owner has the obligation to routinely and diligently inspect the elements and components of the Unit, Exclusive Use Common Area and Common Area for which the Owners are obligated to maintain, to ensure they are in good condition and operating properly.	Article VII	No similar provision other than general maintenance obligation.
Article 10	Insurance	Article VIII	Insurance
Article 10, Section 10.1(C)	Association is required to carry directors' and officers' insurance.	Article VIII	Does not address/require D&O insurance.
Article 10, Section 10.4	Only the Board may make claims to the Association's insurance policies. <i>This is common practice</i>	Article VIII	No similar provision.
Article 10, Section 10.5	Specifies who pays deductibles. <i>This is common practice.</i>	Article VIII	No similar provision.
Article 11	Destruction of Improvements	Article IX	Destruction of Improvements
Article 12	Condemnation	Article XV	Eminent Domain
Article 13	Partition Prohibited	Article XI	Prohibition Against Partition or Severance of Unit from Interest in Common Area
Article 14	Protection of Mortgagees	Article XIII	Rights of Institutional Mortgage Holders

Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Article 15	Enforcement	Article XVIII, Section 1	Enforcement
Article 15	Enforcement includes remedies, due process requirements, Internal Dispute Resolution (IDR) and Alternative Dispute Resolution (ADR). <i>This is common practice and per California law.</i>	Article XVIII, Section 1	Contains general enforcement remedies and does not address IDR and ADR.
Article 16	Amendments	Article XVIII, Section 5	Amendments
Article 16, Section 16.1	Amendment of CC&Rs requires consent of a majority of the owners. <i>This reduces the cost of amending the CC&Rs in the future to avoid having to send repeated reminders to Owners who do not participate.</i>	Article XVIII, Section 5	Requires approval of 75% of total voting power to amend.
Article 17	General Provisions	Article XVIII	General Provisions
Article 17, Sections 17.1 and 17.2	Addresses General Delivery/Notice and Individual Delivery/Notice - methods of providing documents and information to Owners. <i>This is in accordance with current California law.</i>	Article XVIII	No similar provision.
Article 17, Section 17.3	Addresses how Owners are required to deliver documents to Association. <i>This is in accordance with current California law.</i>	Article XVIII	No similar provision.
None	None (obsolete)	Article II	Creation of Condominiums

Article & Section Reference	<u>RESTATED CC&Rs</u> Summary of Provision	Article & Section Reference	<u>CURRENT CC&Rs</u> Summary of Provision
Article 4, Section 4.5(b)	Taxes and Assessments	Article X	Property Taxes
None	None (obsolete)	Article XVII	Integrated Nature of the Covered Property
None	None (obsolete)	Article XIV	Enforcement of Bonded Obligations

Bylaws

Article & Section Reference	<u>RESTATED BYLAWS</u> Summary of Provision	Article & Section Reference	<u>CURRENT BYLAWS</u> Summary of Provision
Entire Bylaws	References to Declarant and its rights and obligations have been deleted. <i>Since the developer is no longer involved with the project, the Declarant provisions are not necessary.</i>	Bylaws	Contains references to Declarant, who is no longer involved in the project.
Article 1	Name and Location	Article II	Principal Office
Article 2	Definitions	Article I	Definitions
Article 3	Membership	Article III	Members
Article 3, Section 3.4	Addresses how to handle votes of Condominiums owned by multiple Owners.	Article V	No similar provision.
Article 4	Membership Voting	Articles III & IV	Members; Meetings of Members
Article 4, Section 4.1	One class of voting members.	Article III, Section 2	The two-class voting structure has expired.
Article 4, Section 4.3	Members in “Good Standing” (as defined) are eligible to vote.	Article III	No similar provision.
Article 4, Section 4.4	Secret ballot procedure must be used. <i>This is in accordance with recent California law.</i>	Article III	No similar provision.
Article 4, Section 4.5	Allows Board to determine whether proxies will be used at any election. <i>Due to the secret ballot election requirements, use of proxies is not as common due and may not be desirable. However, the proxy language is included in the event the Board determines to use proxies.</i>	Article VI, Section 8	Allows for proxy voting.
Article 5	Meetings of Members	Article IV	Meetings of Members

Article & Section Reference	<u>RESTATED BYLAWS</u> Summary of Provision	Article & Section Reference	<u>CURRENT BYLAWS</u> Summary of Provision
Article 5, Section 5.2	Allows Board to set date, time and location of annual meeting.	Article IV, Section 2	Annual meeting must be held during same month as the first annual meeting or within 30 days of the date of the first annual meeting.
Article 5, Section 5.5	Quorum for annual membership meetings is 1/3 of Voting Power and can reduce to 25% if quorum is not met. Quorum for other membership meetings is majority of Voting Power. <i>This is consistent with current California law and will help to ensure that the quorum requirement is met to avoid the expense of reconvening membership meetings.</i>	Article IV, Section 5	Quorum for all meetings is a majority of voting power and does not reduce.
Article 6	Board of Directors	Article V	Board of Directors
Article 6, Section 6.1	Directors must be members of Association, in “Good Standing,” and only one Owner per Unit may serve as a Director.	Article V, Section 2	No similar qualifications.
Article 6, Section 6.4(D)	Association funds can not be used for campaign purposes. <i>This is required by California law.</i>	Article V	No similar provision.
Article 6, Section 6.5	Vacancies on the Board may be deemed to exist for death, resignation, excessive absences from Board meetings, delinquency in assessments or egregious behavior.	Article V, Section 7	Does not refer to vacancies resulting from excessive absences, delinquent assessments, or egregious behavior.

Article & Section Reference	<u>RESTATED BYLAWS</u> Summary of Provision	Article & Section Reference	<u>CURRENT BYLAWS</u> Summary of Provision
Article 6, Sections 6.7	Unless authorized by the Board, no individual Director is authorized to act outside of Board meetings or to direct management, vendors, committees, etc. Directors are required to adhere to a Code of Conduct.	Article V	No similar provision.
Article 7	Board Meetings	Article V	Board of Directors
Article 7, Section 7.2	Regular meetings of the Board shall be held every month or more or less frequently, as business dictates.	Article V, Section 8	Regular meetings shall be held monthly.
Article 7, Section 7.6	Except for emergency meetings, notice of open Board meetings shall be given to members at least 4 days prior to the meeting and notice of executive session meetings shall be given to members at least two (2) days before the meeting. Notices must contain the agenda. <i>This is pursuant to current California law.</i>	Article V, Section 8	Notice of Board meetings to Members is 3 days.
Article 7, Section 7.7	Directors may participate in meetings via teleconference. Members can attend the portion of a teleconference meeting that is open to Members and at least 1 Board member or designated representative must be physically present.	Article V	Does not address participation by teleconference.
Article 7, Section 7.12	Only emergency action can be taken without a Board meeting, if all Board members consent in writing to take the action. <i>This is pursuant to California law.</i>	Article V, Section 8	Any action that can be taken by the Board can be taken without a meeting by unanimous written consent.
Article 8	Officers	Article VI	Officers and Their Duties

Article & Section Reference	<u>RESTATED BYLAWS</u> Summary of Provision	Article & Section Reference	<u>CURRENT BYLAWS</u> Summary of Provision
Article 9	Committees	None	None
Article 9	Enumerates authority of Committees. <i>This is common practice.</i>	None	None.
Article 10	Association Records and Documents	Article VII	Books Records and Financial Reports
Article 10, Sections 10.3(A) & 10.4	Annual Budget Report must be prepared and delivered within 30 to 90 days before the end of the fiscal year and must include the documents required by Civil Code Section 5300 (i.e., budget, summary of reserves, statements regarding reserves and funding of reserves, statement regarding outstanding loans, and summary of insurance policies). <i>This is required by current California law.</i>	Article VII, Section 5	Proposed budget must be delivered not less than 45 and not more than 60 days before the beginning of fiscal year. Does not specify all information required to be included under California law.
Article 10, Section 10.3(B)	The Assessment and reserve funding disclosure summary must prepared annually. <i>This is required by current California law.</i>	Article VII, Section 5	Sets forth obligations regarding reserves. Does not reference current legal requirements for reserve funding disclosure summary.

Article & Section Reference	<u>RESTATED BYLAWS</u> Summary of Provision	Article & Section Reference	<u>CURRENT BYLAWS</u> Summary of Provision
Article 10, Sections 10.3(D) & 10.4	An Annual Policy Statement shall be prepared and delivered within 30 to 90 days before the end of the fiscal year and shall include the information required by Civil Code Section 5310 (i.e., designation of person to receive documents from Members, statement regarding secondary addresses for Members, location where General Notices will be posted, monetary fine schedule and enforcement policy, summary of dispute resolution proceedings, etc.). <i>This is required by current California law.</i>	Article VII, Section 5	Annual Policy Statement shall be delivered within 60 days before the end of the fiscal year. Does not specify all information required to be included under California law.
Article 10, Section 10.5	Addresses documents that must be provided to prospective purchasers. <i>This is in accordance with current California law.</i>	Article VII	No similar provision.
Article 11	Indemnification	Article V, Section 15	Indemnification of Directors, Officers and Employees
Article 12	Amendments	Article VIII	Amendment/Construction
Article 13	General Provisions	None	No similar article

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