

COMPARISON TABLE

for Carnelian Woods
proposed SECOND RESTATED CC&Rs &
SECOND RESTATED BYLAWS

This Table describes the proposed *significant* changes to the existing CC&Rs and Bylaws as determined by the Board. **Please do not rely solely on this Table - make your own independent review of the existing CC&Rs and Bylaws as compared to the proposed Restatements before you vote on the proposed changes.** Copies of the existing CC&Rs and Bylaws can be requested from Management.

CC&RS

Article & Section	<u>Second Restated CC&Rs</u> Proposed Concept	Article & Section	<u>Existing</u> <u>CC&Rs</u> Current Provision
Throughout	References to any Civil Code Sections have been changed to reflect the 2014 renumbering of the Davis-Stirling Act.		
Throughout	References to Declarant and its rights and obligations have been deleted. Since the developer is no longer involved with the project, the Declarant provisions are not necessary.		
Article 1	DEFINITIONS	Article 1	DEFINITIONS
	Definitions are listed in alphabetical order and expanded.		
Article 2	MEMBERSHIP RIGHTS AND PRIVILEGES	Article 3	THE ASSOCIATION
Section 2.1	Adds ownership by different entities such as trusts, corporations, etc.	Art I, Definitions	Includes “trustee” in the definition of

			“Person”
Section 2.3	Members are entitled to one vote per Unit owned.		
Sections 2.5 through 2.7	Addresses easements related to use and enjoyment, encroachment.		

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Article & Section	<u>Second Restated CC&Rs</u> <u>Proposed Concept</u>	Article & Section	<u>Existing CC&Rs</u> <u>Current Provision</u>
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Article 3 OWNERSHIP OBLIGATIONS

Section 3.2	Adds that Owners are responsible for their own security.		
Section 3.4	Adds the obligation for Owners to provide the Association with a set of current keys or a code to their Units.		No similar provision.
Section 3.5	Requires Owners and Tenants to provide the Association with their current telephone and email for emergencies.		No similar provision.
Section 3.6	Requires Owners to install safety sensing devices in the Unit.		No similar provision.
Section 3.7	Requires Owners to notify the Association within 5 days of when a Unit is transferred.		No similar provision.
Section 3.10	Owners are liable for damage by Member, Member’s tenant, residents, occupants, family, guests, invitees,	Section 7.10	Similar.

	vendors or pets.		
Article 4	DUTIES OF THE ASSOCIATION	Article 3	THE ASSOCIATION
Section 4.12	Board cannot borrow monies or pledge assessment rights as security for borrowing money in excess of 5% of the budgeted gross expenses for the fiscal year without membership approval.	Section 3.6(i)	Does not specify a limit.
Section 4.19	Limits the Board's authority to enter into certain contracts for a period of (2) years without membership approval.		No similar provision.
Article 5	ARCHITECTURAL CONTROL	Article 5	MAINTENANCE AND IMPROVEMENT
Section 5.5(b)	Prohibits directors or Architectural Control Committee members from participating in the decision-making process for an architectural submittal made by that director or committee member or members of their family.		No similar provision.

Article & Section	<u>Second Restated CC&Rs</u> <u>Proposed Concept</u>	Article & Section	<u>Existing CC&Rs</u> <u>Current Provision</u>
Section 5.6(b)	Architectural Control Committee has 45 days to approve applications.		No similar provision.
Section 5.6(g)	Unless a shorter time period is specified in the approval, improvements must be completed within 1 year. Short extensions of time may be granted.		No similar provision.

Section 5.16	Units may not be combined without prior Board approval.		No similar provision.
Section 5.17	Units may not be divided.		No similar provision.
Article 6	MAINTENANCE, REPAIR AND REPLACEMENT RESPONSIBILITIES	Article 5	MAINTENANCE AND IMPROVEMENT
Section 6.1	Includes Maintenance Responsibility Chart as Exhibit “B.”		Does not include.
Section 6.2	Adds detailed descriptions of the Association and Owners maintenance, repair and replacement duties.		
Article 7	GENERAL RESTRICTIONS		
Section 7.2	Adds more detailed restrictions on the use of Balconies.		
Section 7.3	Permits only natural gas and electric barbecues.	Section 7.15	Permits gas and electric barbecues.
Section 7.4	Prohibits criminal activities within the Development.		No similar provision.
Section 7.7	Adds that drones may not be operated above the community so as to invade privacy rights.		No similar provision.
Section 7.14	Adds that growing and distribution of recreational marijuana and medical marijuana are prohibited.		No similar provision.
Section 7.18	Occupancy limit to two (2) persons per bedroom plus two (2) additional persons in a Unit.	Section 7.20	Defers to applicable housing codes.
Section 7.26	Adds that smoking and vaping are not permitted in the Development.		No similar provision.

Article & Section	<u>Second Restated CC&Rs</u> Proposed Concept	Article & Section	<u>Existing</u> <u>CC&Rs</u> <u>Current</u> <u>Provision</u>
Section 7.27	Adds that solar energy systems may be installed after obtaining written approval from the Architectural Committee.		No similar provision.
Article 8	LEASING AND RENTAL LIMITATIONS	Article 7	USE RESTRICTIONS
Section 8.1	Prohibits rentals for hotel or fractional purposes.		No similar provision.
Section 8.4	Prohibits assignment or subleasing.		No similar provision.
Section 8.5	Adds requirement that leases have an addendum requiring tenants to abide by the governing documents.	Section 7.6	Similar but not as detailed.
Section 8.9	Allows Association to institute eviction proceedings against a Tenant if Owners fail to take legal action against a Tenant who violates the Governing Documents.		No similar provision.
Section 8.10	Allows Association to collect rent from Tenants for delinquent assessments owed by the Owner.		No similar provision.
Article 9	PETS	Article 7, Section 7.4	USE RESTRICTIONS, ANIMALS
Article 10	VEHICLES AND PARKING	Article 7	USE RESTRICTIONS
Section 10.2 and 10.3	Adds restrictions on the types of vehicles permitted to be parked in the Development.	Section 7.3	Not as specific.

Section 10.6	Adds section permitting owners to install electric vehicle charging stations at their own expense.		No similar provision.
Article 11	Enforcement of Governing Documents	Article 10	GENERAL PROVISIONS
Section 11.1	Adds more specific language detailing the types of enforcement actions the board can take including fines, suspension of right to use recreational facilities, and judicial enforcement.		

Article & Section	<u>Second Restated CC&Rs</u> <u>Proposed Concept</u>	Article & Section	<u>Existing</u> <u>CC&Rs</u> <u>Current</u> <u>Provision</u>
Section 11.6	Allows Association to demand identification from anyone using the common area facilities.		No similar provision.
No similar provision.	Does not require notice to the members.	Section 10.1(a)	Requires the Board to give the membership notice prior to filing a lawsuit.
Article 12	RIGHT OF ENTRY		
Throughout	Adds more specific details about the Association's power to enter a Unit.		
Article 13	ASSESSMENTS	Article 4	ASSESSMENTS

Section 13.6	Contains more details about the requirements of the reserve account.		
Article 14	ENFORCEMENT OF ASSESSMENTS	Article 4	ASSESSMENTS
Article 15	INSURANCE	Article 9	INSURANCE
Section 15.1	Adds more detailed descriptions of the types and amounts of insurance the Association is required to carry.		
Section 15.1(d)(ii)	Gives the Board the option to limit property insurance to bare walls.	Section 9.1	Does not contain the same language.
Section 15.2	Adds that Owners are required to carry property insurance and various other types of insurance.	Section 9.17	Requires Owners to carry liability and property insurance for their separate interest but allows the Association to cover the Unit upon a majority vote of the Owners.
Section 15.3	Adds a deductible responsibility section.		No similar provision.
Section 15.4	Addresses liability for increased insurance rates by negligent acts or omissions of any Owner, tenant, etc.		No similar provision.

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Article 16	PROTECTION OF MORTGAGE HOLDERS	Article 8	MORTGAGE PROTECTION
Article 17	LIMITATIONS OF LIABILITY		
Section 17.1	Standard of liability for the Board is willful, intentional or bad faith misconduct.		No similar provision.
Section 17.7	Owners are not permitted to file an action against a director acting within the scope of their duties unless the court first substantiates the claim.		No similar provision.
Article 18	DAMAGE/DESTRUCTION TO IMPROVEMENTS	Article 9, Sec 9.10	Material Damage or Destruction
Article 19	CONDEMNATION	Article 9, Sec 9.16	Condemnation
Article 20	MISCELLANEOUS	Article 10	GENERAL PROVISIONS
Section 20.1	Amendments will require approval of more than 50% of the voting power.	Section 10.4	Amendments require 75% approval of the voting power.
Section 20.3	Adds that provisions in conflict with current law can be amended without a vote of the members.		No similar provision.
Exhibit B	Adds maintenance responsibility chart		No similar chart.

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BYLAWS

Article & Section	<u>Second Restated Bylaws</u> <u>Proposed Change</u>	Article & Section	<u>Existing Bylaws</u> <u>Current Provision</u>
Article 1	DEFINITIONS	Article II	DEFINITIONS
Article 2	MEMBERSHIP		

Article 3	MEMBERSHIP MEETINGS	Article III	MEETING OF MEMBERS
Section 3.1(c)(i)	Annual meeting must be held no later than 120 days after the close of the fiscal year.	Section 1	Annual meeting must be held no later than 90 days after close of fiscal year.
Section 3.1(c)(iv)	Updated to allow membership meetings entirely by teleconference under certain circumstances.		No similar provision.
Section 3.2(c)(iv)	Updated to conform to Corp. Code 7511(b) to allow electronic communication or other means of remote communication if the Board determines it is necessary or appropriate because of an emergency.		No similar provision.
Article 4	VOTING RIGHTS		
Section 4.8	Proxy voting is no longer allowed.	Art. III, Section 5	Proxy voting is permitted.
Section 4.9	Cumulative voting is no longer allowed.	Art. V, Section 2	Cumulative voting is permitted.
Section 4.10	There is no Quorum requirement for Director elections.	Art. III, Section 4	Quorum is required.
Section 4.11	Quorum for all other membership votes is 50% of the voting power.	Art. III, Section 4	Quorum is 1/3.
Section 4.14	Ranked choice voting is permitted.		No similar provision.
Article 5	NOMINATIONS	Article V	NOMINATION AND ELECTION OF DIRECTORS

Article & Section	<u>Second Restated Bylaws</u> Proposed Change	Article & Section	<u>Existing Bylaws</u> Current Provision
Section 5.2	Nominating committee is not required, members may nominate themselves.	Section 1	Nominating committee is required.
Section 5.3	Nominations from the floor and write-ins are not allowed.	Section 1	Nominations from the floor are permitted.
Section 5.4	Election by acclamation can occur as allowed by law.		No similar provision.
Article 6	DIRECTOR ELECTIONS	Article IV	BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE
Section 6.1	Provides for 5 Directors to serve a 3 year term.	Section 1	Provides for 9 Directors.
Section 6.2	Limits the number of consecutive terms a Director can serve to 2 terms.		No term limits.
Section 6.3	Adds additional director qualifications.	Section 1	The only qualification is to be a Member.
Article 7	REMOVAL OF DIRECTORS	Article IV	BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE
Section 7.1	A director can be removed by a majority of the Board if they cease to meet director qualifications, has been declared of unsound mind by a final court order, fails to disclose a conflict of interest, or has excessive absences from Board meetings. <i>In accordance with current CA law.</i>	Section 3	Allows removal by the Board for cause as listed in the Bylaws.

Section 7.2	Director(s) can be removed upon a vote of a majority of a Quorum of the Members. <i>This is in accordance with current California law.</i>	Section 3	Removal requires a majority of a quorum.
Section 7.5	Limits the timing of holding recall elections.		No similar provision.

Article & Section	<u>Second Restated Bylaws</u> Proposed Change	Article & Section	<u>Existing Bylaws</u> Current Provision
Article 8	ROLE OF BOARD OF DIRECTORS	Article VII	POWERS AND DUTIES OF THE BOARD OF DIRECTORS
Section 8.2	Adds the statutory procedural requirements for adoption of rules and regulations.		No similar provision.
Article 9	MEETINGS OF THE BOARD	Article VI	MEETINGS OF DIRECTORS
Section 9.5	Adds that Board meetings can be held entirely by teleconference without any physical location under certain circumstances.		No similar provision.
Section 9.10	Adds that the Board is not permitted to take action on any “item of business” outside of a Board meeting. <i>In accordance with current CA law.</i>	Section 6	Allows the Board to take action outside of a meeting with unanimous written consent.
Article 10	OFFICERS	Article VIII	OFFICERS AND THEIR DUTIES
Section	Officers serve until the next	Section 3	Officers serve a

10.3	Director election.		1- year term.
Article 11	COMMITTEES	Article IX	COMMITTEES
No similar provision.	Does not require a nominating committee.		Requires a nominating committee.
Section 11.1	Allows non-Members to serve on a committee.		No similar provision.
Article 12	BUDGETS, RESERVES, AND FINANCIAL STATEMENTS		
Section 12.1	Adds that the Board is obligated to review Association accounts and other financial statements on a monthly basis and must prepare a proforma budget annually. Previous law required only quarterly review of financial statements. Adds statutory requirements for reserve accounts.		

Article & Section	<u>Second Restated Bylaws</u> Proposed Change	Article & Section	<u>Existing Bylaws</u> Current Provision
Article 13	INSPECTION OF RECORDS	Article X	BOOKS AND RECORDS
	Adds the statutory procedural requirements for maintenance and inspection of Association records.		
Section 13.2(l)	Email address is information that is included on the membership list. Members may opt out of having certain information from the membership list provided to Members who request the list.		No similar provision.

Article 14	DISCLOSURES		
	Adds the annual disclosures that must be provided to owners.		
Article 15	ENFORCEMENT AND DISPUTE RESOLUTION		
	Requires 10 days' notice of a hearing. Adds rule enforcement procedures, internal dispute resolution and pre litigation dispute resolution requirements. Voting rights cannot be suspended.		
Article 16	MISCELLANEOUS	Article XIII	AMENDMENTS
Section 16.5(c)	Allows the Board to amend a provision without membership approval, when it contradicts current law.		No similar provision.