

COMPARISON TABLE
for Balboa Terrace Homes Association proposed
RESTATED CC&Rs &
RESTATED BYLAWS

This Table describes the proposed *significant* changes to the existing CC&Rs and Bylaws. 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.

Changes required or controlled by statute are highlighted in yellow.
Changes which are best practices customary in HOAs are highlighted in green.

CC&RS

Article & Section	<u>Restated CC&Rs</u> Proposed Concept	Article & Section	Existing Governing Documents Current Provision
Article 1	Definitions		
	Adds definitions of terms used in the document.		No similar provision.
Article 2	Membership Rights and Privileges		
Section 2.1	Adds membership rights of trusts, impersonal entities; clarifies rights and duties of tenants		No similar provision; added in accordance with statute.
Section 2.2	Changes proof of membership to be a recorded deed, rather than a membership certificate.	Bylaws, Art. XIII	Creation and maintenance of certificates of membership and certificate book.
Article 3	Membership Obligations		
Section 3.3	Adds that buyers take ownership of Lots subject to any violations by prior Members.		No similar provision
Section 3.5	Adds owner's responsibilities to maintain, repair and replace Lots, utility lines, shared fences and damage caused to walkways and streets.	Deed Restrictions, First	Members must maintain premises in front residence free from rubbish, etc.

Article & Section	<u>Restated CC&Rs</u> Proposed Concept	Article & Section	Existing Governing Documents Current Provision
Section 3.6	Adds that Members are liable for damage they cause.		No similar provision; added in accordance with statute.
Section 3.7	Adds that the Association can collect a delinquent Reimbursement Special Assessment through nonjudicial foreclosure of a recorded lien.		No similar provision; added in accordance with statute.
Section 3.8	Establishes a procedure for addressing violations of the governing documents.		No similar provision; added in accordance with statute
Section 3.9	Establishes right to seek reimbursement from members.		No similar provision
Article 4	Duties of the Association		
Section 4.3	Removes Association’s duty to maintain certain lighting, gateways, parks, open spaces, sewage, recreational facilities and vacant and unimproved lots, as these facilities are not part of the community or are more properly maintained by Owners.	Articles of Incorporation	Establishes Association’s responsibilities.
Section 4.4	Adds description of Association’s and Member’s responsibilities for termites and pest treatment and damage repair.		No similar provision; added in accordance with statute
Section 4.6	Establishes Board’s right to adopt Rules regulating the use, occupancy and maintenance of the Development, etc.	Bylaws, Art. VI	Rules limited to conduct, manage and control the affairs and business of the Association.
Section 4.7	Establishes Board’s authority to foreclose on a Lot for non-payment of Assessments, etc.	Bylaws, Art. I	Grants the Board authority to record a lien for delinquent assessments.
Section 4.9	Clarifies Board’s right to grant utility easements over common area		No similar provision

Article & Section	<u>Restated CC&Rs</u> Proposed Concept	Article & Section	Existing Governing Documents Current Provision
Section 4.10	Requires membership approval for granting an exclusive use easement over common area, except for statutory exceptions.		No similar provision; added in accordance with statute.
Section 4.15	Requires a majority of the membership to approve a transfer of common area.		No similar provision; added in accordance with statute.
Article 5	Architectural Control		
5.1	Adds that approval is required for renovations that alter exterior of residence.	Deed restrictions, Fourth	Plans to build on a lot must be approved by Association.
5.2	Only Members in good standing may be approved for architectural modifications.		No similar provision
5.5	Board may but is not required to appoint an Architectural Control Committee and the Board may serve in that role.		No similar provision
Section 5.5(a)	Authorizes the Board to retain an architect to consult on an application and seek reimbursement from applicant.		No similar provision
Section 5.5(b)	Prohibits directors or Architectural 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; added in accordance with statute.
Sections 5.16 – 5.17	Combining lots and dividing lots is not permitted.		No similar provision
Section 5.23	Landscaping must be completed within two months of completion of construction.		No similar provision

Article & Section	<u>Restated CC&Rs</u> Proposed Concept	Article & Section	Existing Governing Documents Current Provision
Article 6	Use Restrictions		
6.1	Interference with drainage patterns is prohibited.		No similar provision
6.2	Flammable material is prohibited.		No similar provision
6.3	Health/safety hazards are prohibited.		No similar provision
6.6	Clarifies what constitutes residential use.	Deed Restrictions, Second and Third	Use limited to dwelling house.
6.4	Nuisance prohibition is added. Barking dogs are expressly included as a nuisance.		No similar provision
	Omitted	Deed Restrictions, First	Establishing set-backs.
	Omitted. Association may not prohibit accessory dwelling units.	Deed Restrictions, Fifth	No more than one dwelling house on a lot.
	Omitted.	Deed Restrictions, Sixth	Establishing Association's easement over lots.
	Omitted	Deed Restrictions, Seventh	Restricting driveways.
Article 7	Enforcement of Governing Documents		
7.1(a)	Gives Board authority to assess reasonable fines for violations.		
7.5	If a member fails to correct violations on a lot before it's sold, the association retains the right to enforce compliance against the buyer.		

Article & Section	<u>Restated CC&Rs</u> Proposed Concept	Article & Section	Existing Governing Documents Current Provision
Article 8	Assessments		
	Reflects statutory requirements but no changes to the amount of increases allowed without membership approval.	Bylaws, Art. 1	Quarterly maintenance charge or assessment is on a square foot basis, updated as part of budget review.
Section 8.2(c)	Annual assessments are due January 1 st or in installments as the Board determines.	Deed Restrictions, Ninth.	Annual assessment is due March 1 st .
Article 9	Enforcement of Assessments		No similar provision
Section 9.2	Reflects statutory enforcement rights and duties.		Added in accordance with statute.
Section 9.2(d)	Establishes that a recorded lien includes subsequently accrued delinquencies.		Added in accordance with statute.
Article 10	Insurance		No similar provision
Section 10.1	Establishes required insurance coverage: personal injury liability; common area casualty; Directors and Officers; crime and fidelity.		Added in accordance with statute.
	Requires the Association to insure the association and common area against liability for personal injury and direct physical loss.		Added in accordance with statute.
Section 10.2(a)	Members are not required to maintain insurance on their property other than vehicle insurance.		
Article 11	Limitations of Liability		No similar provision
11.6	Adds that owner must indemnify and defend Association for any injury or damage arising from Lot.		

Article & Section	<u>Restated CC&Rs</u> Proposed Concept	Article & Section	Existing Governing Documents Current Provision
11.7	Establishes conditions for Members' right to sue a member of the board of directors.		
Article 12	Damage/Destruction to Improvements		No similar provision
Article 13	Miscellaneous		
Section 13.1	CC&Rs may be amended with approval of more than 50% of voting power	Introduction	Two-thirds of lot owners may amend the CC&Rs
Section 13.3	Adds that provisions in conflict with current law can be amended without a vote of the members.		
Section 13.4	CC&Rs may be terminated by at least 75% of the Members.	Introduction	Two-thirds of lot owners may terminate the CC&Rs

BYLAWS

Article & Section	<u>Restated Bylaws</u> Proposed Change	Article & Section	<u>Existing Bylaws</u> Current Language
Article 1	Definitions		
Article 2	Membership		
Article 3	Membership Meetings		
Section 3.1	Day and time of meeting set by Board.	Bylaws, Art. XV	Annual meeting is 2 nd Tuesday of March.
Section 3.1	Changed so Special membership meeting may be called by President, majority of board and 5% of members in accordance with corporations code.	Bylaws Art. VI	A special membership meeting may be called by the board or one-third of members.

Article & Section	<u>Restated Bylaws</u> Proposed Change	Article & Section	<u>Existing Bylaws</u> Current Language
Section 3.2	Timing of notices of membership meeting revised to conform with changes in the law	Bylaws, Art. XV	10 days' notice for membership meetings.
Article 4	Voting Rights		
Section 4.8	Proxy voting is no longer allowed unless the Board authorizes proxy voting. The reason for this is that mail ballots or secret ballots eliminate the need for proxy voting.	Bylaws, Art. XVI	Voting in person or by proxy allowed.
Section 4.10	Quorum is one-third (1/3) of the voting power, except there is no quorum requirement for annual election of directors. A quorum for approving an assessment increase is more than fifty percent (50%) of members.		No similar provision; added in accordance with statute.
Article 5	Nominations		No similar provision
Section 5.2	Self-nomination allowed.		Added in accordance with statute.
Section 5.3	Nominations from the floor not allowed and election by acclamation can occur as allowed by law.		Added in accordance with statute.
Article 6	Director Elections		
6.1	Reduced board to seven (7) Directors with two year terms. Terms are staggered.	Bylaws, Art. III, IV	Board of eleven directors; one year terms
6.2	Director qualifications. <i>This is in accordance with recent changes to the law.</i>		No similar provision
Article 7	Removal of Directors		No similar provision

Article & Section	<u>Restated Bylaws</u> Proposed Change	Article & Section	<u>Existing Bylaws</u> Current Language
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. A director who misses 3 consecutive Board meetings or misses 4 Board meetings in a year can be removed by the Board.		
Article 8	Action by Ballots		
	Adds the current statutory procedural requirements for voting by secret ballot.		No similar provision; added in accordance with statute.
Article 9	Role of Board of Directors		
Section 9.2	Adds the statutory procedural requirements for adoption of rules and regulations.		No similar provision; added in accordance with statute.
9.3	Prohibits compensating officers or directors	Bylaws, Art. VI	Allows officers to be compensated; added in accordance with statute.
Article 10	Meetings of the Board		
	Adds meeting procedures required by law.	Bylaws, Art. XV	Notice of board meetings are not required.
Section 10.5	Regular monthly board meetings unless good reason to waive meeting.	Bylaws, Art. XV	Board Meeting every 1 st Monday at 7:30 p.m.
Section 10.13	Adds that directors can attend Board meetings by teleconference or other approved means. Allows for the possibility of no physical location under certain circumstances.		Added in accordance with statute.

Article & Section	<u>Restated Bylaws</u> Proposed Change	Article & Section	<u>Existing Bylaws</u> Current Language
Section 10.15	Prohibits audio or video recording of meetings.		
Article 11	Officers		
Article 12	Committees		No similar provision
	Board may but is not required to establish Committees.		
Article 13	Budgets, Reserves and Financial Statements		
	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. <i>This is in accordance with current California law.</i>	Bylaws, Art. VII	Duty to keep record of minutes and acts, and statement of assets and liabilities.
Article 14	Inspection of Records		
	Adds the statutory procedural requirements for maintenance and inspection of Association records. <i>This is in accordance with current California law.</i>	Bylaws, Art. XII	Obsolete right of inspection by members.
Article 15	Disclosures		
	Adds the annual disclosures that must be provided to owners. <i>This is in accordance with current California law.</i>	Bylaws, Art. VII	Present statement of assets and liabilities at annual meeting.
Article 16	Rules Enforcement and Dispute Resolution		No similar provision
	Adds rule enforcement procedures, internal dispute resolution and pre-litigation dispute resolution requirements. Voting rights cannot be suspended. <i>This is in accordance with current California law</i>		Added in accordance with statute.

Article & Section	<u>Restated Bylaws</u> Proposed Change	Article & Section	<u>Existing Bylaws</u> Current Language
Article 17	Miscellaneous		
17.1	Establishes that fiscal year is a calendar year unless Board determines otherwise		
17.3(a)	Allows Bylaws to be amended with approval of a majority of votes cast in an election.	Bylaws XVII	Bylaws may be amended by 2/3 approval of membership.
Section 17.3(b)	Allows the Board to amend a provision without membership approval, when it contradicts current law.		No similar provision