

PROPOSED BY-LAW CHANGES

AMENDMENTS

GOOD STANDING

Current 4.5.3 Rights and Privileges of Membership. Members in Good Standing shall have the right to run for and hold positions as Directors or Officers of the Association.

Proposed 4.5.3 Rights and Privileges of Membership. Members in Good Standing shall have the right to run for and hold positions as Directors or Officers of the Association **and vote on matters affecting the Association.**

Rationale. The current language allows members who are not in good standing, by virtue of failing to pay their dues, fines or assessments to vote on all Association matters, including By-Law and CC&R changes and the election of Directors.

Current 4.8.1 Voting Rights. Each owner has the right to vote at Meetings of the Association for the election of Directors and with respect to such other matters that are not within the powers of the Board of Directors as may lawfully come before the Meeting.

Proposed 4.8.1 Voting Rights. Each owner **in good standing** has the right to vote at Meetings of the Association for the election of Directors and with respect to such other matters that are not within the powers of the Board of Directors as may lawfully come before the Meeting.

Rationale. The current language does not prevent members who are not in good standing by virtue of not having paid their dues, fines or assessments from voting on Association matters, including By-Law and CC&R changes.

Current 5.1.2 Qualifications. *At least a majority* of the Board of Directors must be Owners who remain in Good Standing.

Proposed 5.1.2 Qualifications. **All members** of the Board of Directors must be Owners (*who remain*) in Good Standing.

Rationale. This seems completely illogical and contrary to 4.5.3 which requires owners to be in Good Standing to run for election or hold a position as a Director or an Officer, yet allows them, once on the Board, to ignore their obligation to pay dues, fines or assessments.

4.8.6. Order of Business

CURRENT: "The order of business at an Annual Meeting of the Association shall be as follows: (i) proof of Notice of the Meeting; (ii) determination of the presence of a quorum; (iii) approval of the Agenda for the Meeting; (iv) approval of minutes of the previous meeting of the Association; (v) appointment of inspectors of elections if applicable; (vi) election of Directors if applicable; (vii) reports of

the Board of Directors, Officers and committees; (viii) unfinished business, if any; and (ix) new business, if any.”

PROPOSED: “The agenda of the Annual Meeting shall include: the approval of the minutes of the previous annual meeting and any special meetings of the Association, the election of Directors (in accord with section 5.3), the ratification of the annual budget, and any other business placed on the agenda. In the absence of a quorum, only the ratification of the budget can be considered.

RATIONALE: The existing language is unnecessarily prescriptive and, critically, omits the ratification of the annual budget which is a mandated action at the Annual Meeting, and the sole item of business that can be transacted without the presence of a quorum.

5.1.1. Number of Directors

CURRENT: “Newly elected Board members shall take office **upon adjournment of the Meeting at which they were elected.** Promptly following such election, the Board shall elect or appoint the Officers of the Association.” Section 5.2.1 requires that “An annual organizational meeting shall be held within ten days after each Annual Meeting of the Association.”

PROPOSED: “Newly elected Board members shall take office **upon adjournment of the annual organizational meeting.**”

RATIONALE: The current language **creates a** potential ten day void in which the Board might not be able to take needed action, if both the President and the Treasurer step down at the same time. During that period, under those circumstances, no Board member would have the authority to issue payments or contract for services.

5.3 Removal of Directors

PROPOSED: Add a sentence: “**Once removed by majority vote, that member is ineligible to serve on the Board of Directors in perpetuity.**”

RATIONALE: The removal of a Director only occurs in the most unusual circumstances and reflects a significant problem with a particular person. The Board believes that it is unfair to potentially subject a future Board to the same issues.

5.12 Committees of the Board

CURRENT: “The Board of Directors may by resolution establish and appoint the members of one or more committees intended to obtain information for and provide advice to the Board, but not to exercise any of the powers of the Board, with respect to such matters as from time to time be deemed useful to the Board. The members of any such Committee may be Board members, Owners, or other persons whose participation is deemed useful by the Board, in its discretion. PROVIDED, that no such committee shall have the authority of the Board of Directors in reference to:

- (1) Amending, altering or repealing the Bylaws;

- (2) Electing, appointing, or removing any member of and such Committee or any Director or Officer of the Association;
- (3) Amending the articles of incorporation;
- (4) Adopting a plan of merger or a plan of consolidation with another corporation;
- (5) Authorizing the sale, lease, exchange, or mortgage, of all or substantially all of the property and assets of the Association;
- (6) Authorizing the voluntary dissolution of the Association or revoking proceedings therefor; or
- (7) Amending, altering, or repealing any resolution of the board of directors which by its terms provides that it shall not be amended, altered, or repealed by such committee.

PROPOSED: “The Board of Directors may, at any time, establish one or more committees to advise the Board on a particular matter of interest. The Board shall provide a written charge to each committee established. The committee will present a report to the Board and be discharged when that purpose has been fulfilled. The members of any such Committee must include one or more Board members, and may include Owners, or other persons whose participation is deemed useful by the Board. Any committee established shall be advisory to the Board. No powers of Association (under section 4.4) may be delegated to a committee”.

RATIONALE: The new language makes it clear that any committee established by the Board is simply advisory to the Board. The final decision is always with the Board. Committees should be established for a particular purpose and should be time limited. The present language allows committees to operate indefinitely. The new language adds that one or more Board members must serve on any committee, both to insure the appropriate flow of information back to the Board and to prevent the committee from going rogue.

6.1 Principal Officers

CURRENT: Third sentence: “Two or more offices may be held by the same person, except the offices of President and Secretary.”

PROPOSED: “Two or more offices may be held by the same person, except the offices of President and Treasurer.”

RATIONALE: The current language would allow the President to serve as Treasurer. These two officers have control of the Association’s accounts and have joint signatory authority. Allowing them to be held by a single person removes the critical mechanism for financial oversight.

CORRECTIONS

5.2.5 Quorum: Participation and Voting: Correction

The last sentence refers to section **5.3.7**, which discusses the need “to satisfy the ‘open meetings’ requirements”. The reference should read **5.2.7**.

6.7 Treasurer: Correction

The last sentence reads: “An Assistant Treasurer may perform the duties and exercise the powers of the Treasurer in the absence or disability of the Secretary ... “. Replace the word Secretary with the word Treasurer.