

BYLAWS

OF

MONTECITO PROTECTIVE AND IMPROVEMENT ASSOCIATION, INC.

Commonly known as The Montecito Association

AS AMENDED AND RESTATED TO DATE

JANUARY 3, 2021

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BYLAWS
OF
MONTECITO PROTECTIVE AND IMPROVEMENT ASSOCIATION, INC.
(ALSO KNOWN AS THE MONTECITO ASSOCIATION)
AS AMENDED AND RESTATED TO DATE
JANUARY, 2005 (Table of Contents corrected October 2008)

ARTICLE I

Recitals and Definitions

Section 1. Name of the Association. The name of this corporation is MONTECITO PROTECTIVE AND IMPROVEMENT ASSOCIATION, INC. (hereinafter "the Association"). The Association has been using and may continue to use the fictitious name in Santa Barbara County of "Montecito Association" or such other name or names as may be selected by the Board.

Section 2. Restatement. The Bylaws of the Association are amended and restated in their entirety to read as set forth in this document.

Section 3. Purpose of Bylaws. These Bylaws provide for the regulation of the Association's internal affairs except as otherwise provided by its Articles of Incorporation, the California Nonprofit Mutual Benefit Corporation Law (hereinafter "the Mutual Benefit Corporation Law"), or other applicable statutes or judicial decisions.

Section 4. Definitions.

(a) "The Articles" mean the Articles of Incorporation of the Association, as amended from time to time.

(b) "The Association" means this corporation, Montecito Protective and Improvement Association, Inc.

(c) The term "Associate Member" means a person who does not satisfy any of the qualifications for membership under Section 1 of Article III, but who otherwise becomes associated with the Association under criteria established from time to time by the Board pursuant to Section 2 of Article III.

(d) "The Board" means the Board of Directors of the Association.

(e) The term "Business Member" means a partnership or a corporation which is qualified for membership under the criteria set forth in subparagraph (b) of Section 1 of Article III and which makes application for and is admitted to membership in the Association.

(f) "The County" means the County of Santa Barbara, State of California.

(g) The term "Election Date" means the date each year for the election of directors to fill those positions on the Board held by directors whose terms of office are then expiring. If the election is to be conducted at the annual meeting of members, the Election Date shall be the date of the annual meeting. When the Board has determined that directors shall be elected by written ballot pursuant to Section 5 of Article V, the Election Date shall be the date by which the Board has determined that written ballots must be returned to the Association in order to be counted.

(h) The term "Geographic Districts" refers to the following six geographic areas of Montecito:

- (1) North of East Valley Road and Camino Viejo
East of Santa Barbara City Limits
South of Montecito boundary
West of Parra Grande Lane and Riven Rock Road
- (2) North of East Valley Road
East of Parra Grande Lane and Riven Rock Road
South of Montecito boundary
West of Park Lane
- (3) North of East Valley Road
East of Park Lane
South of Montecito boundary
West of Montecito boundary
- (4) North of Highway 101 and Santa Barbara City limits
East of Santa Barbara City limits
South of East Valley Road and Camino Viejo
West of San Ysidro Road
- (5) North of Highway 101
East of San Ysidro Road
South of East Valley Road
West of Montecito boundary
- (6) All areas in Montecito south of Highway 101.

The Board is granted authority to amend said Geographic Districts from time to time in order to provide reasonable balance among the number of Association members residing in each Geographic District.

(i) The term "Individual Member" means a person who is qualified for membership under one or more of the criteria set forth in subparagraph (a) of Section 1 of Article III and who makes application for and is admitted to membership in the Association.

(j) The term "Members" includes Individual Members, Business Members, and Associate Members.

(k) "Montecito" means the geographic area of the County lying within the "Montecito Community Plan area" as adopted by the County from time to time.

(l) The term "the Mutual Benefit Corporation Law" means the California Nonprofit Mutual Benefit Corporation Law, set forth in Part 3 of Division 2 of Title 1 of the California Corporations Code, beginning at Section 7110, and includes the general provisions and definitions set forth in Part 1 of Division 2 of Title 1 of the California Corporations Code, beginning at Section 5002.

(m) The term "the Official Membership Roster" is the record maintained by the Association setting forth each member's name, address, telephone number, and qualification for membership in the Association.

(n) The term "voting power of the Association" means those Individual Members and Business Members who are eligible to vote with respect to the election of directors or any other matter, issue, or proposal properly presented to the members for action at the time any determination of voting power is to be made.

(o) The term "Written Ballot" means a ballot that is mailed or otherwise distributed to every member entitled to vote on an issue or matter and that complies with the requirements of Section 5 of Article V. "Written Ballot" does not include a ballot distributed to members at a meeting for the purpose of conducting a vote of the members at such meeting (e.g., secret ballot as provided in Section 3 of Article V).

ARTICLE II

Office and Principal Place of Business

The office and principal place of business of the Association is the Montecito Community Hall, 1469 East Valley Road, Santa Barbara, California. If said facility becomes unavailable to the Association for a reasonable rent and upon other terms acceptable to the Board, the office and principal place of business of the Association shall be changed to such place within Montecito as may be designated by the Board.

ARTICLE III

Membership

Section 1. Qualification. Persons and entities described in this Section are qualified for membership in the Association.

(a) *Individual Members.* Membership in the Association shall be open to all persons 18 years of age or older who:

- (1) Are residents within Montecito; or
- (2) Are primary owners of record of any real property in Montecito; or
- (3) Are the principal owners or principal manager of a business in Montecito

In the event that two or more persons own real property in Montecito as tenants in common, as joint tenants, or as community property, each such person shall be qualified for membership. In the event that title to real property in Montecito is owned of record by a partnership or a corporation, the person owning a majority of the capital of such partnership or the majority of the outstanding shares of such corporation shall be qualified for membership. In the event that real property in Montecito is owned of record

by a trust, each person having a present beneficial interest of at least ten (10) percent in the trust shall be qualified for membership in the Association.

A person shall be entitled to only one membership, regardless of the number of bases upon which he or she may be qualified for membership.

(b) *Business Matters.* Membership in the Association shall be open to the owner, principal, manager, or appointed representative of all partnerships and corporations which maintain an office or other recognized business establishment in Montecito providing goods or services to residents of Montecito. An entity may have only one individual member.

Section 2. Associate Members and Other Categories. Persons who are interested in the affairs of the Association and supportive of its goals and policies but who are not qualified for membership as Individual Members pursuant to Section 1 of this Article, may become Associate Members of the Association upon application and payment of the requisite minimum annual membership fee. Even though referred to as "members", Associate Members are not members within the meaning of Section 5056 of the Mutual Benefit Corporation Law. Associate Members are not entitled to vote on any issue or matter which may be submitted to a vote of the members. Associate Members are not qualified to serve on the Board. Associate members also may not serve on any committee of the Association for whom membership is limited by these Bylaws or a Board resolution establishing committee limits on membership to Individual Members or representatives of Business Members. Associate Members shall be entitled to receive all newsletters and other mailings of the Association to its members, shall be provided notice of all meetings of members in the manner set forth in these Bylaws, and may attend all meetings of members and participate in the deliberation of members. Any such rights as are provided to Associate Members may be amended, reduced, or eliminated from time to time by the Board without the consent or vote of the Associate Members.

Nothing in these Bylaws shall limit the right of the Association to refer to other persons or entities associated with it as "members" even though such persons or entities are neither Individual Members nor Business Members as defined above. No such reference shall constitute any person or entity a member of the Association within the meaning of Section 5056 of the Mutual Benefit Corporation Law.

Section 3. Application. Any person or entity meeting the qualifications set forth in Section 1 of this Article, and any person interested in the Association as provided in Section 2 of this Article, may apply for membership in the Association by completing and submitting an application, in the form provided from time to time by the Association for such purpose, and by paying the requisite annual membership fee provided in Section 6 of this Article.

Section 4. Furnishing Evidence of Qualification. A person or entity shall not be entitled to exercise the rights of a member until such time as his, her, or its application and payment of annual membership fee have been made as provided in Section 3 of this Article and, if requested by the Association, the person or entity has provided the Association with evidence satisfactory to the Association of the qualification for membership as provided under Section 1 of this Article. When these steps have been taken, the Association shall enroll the person or entity as a member of the Association in the Official Membership Roster.

Section 5. Term of Membership. Each person or entity who is enrolled as a member in the Official Membership Roster and who pays annually not less than the annual membership fees specified in Section 6 of this Article, shall remain a member until the person or entity no longer qualifies for membership under Section 1 of this Article, whereupon the membership shall automatically terminate and the person's or entity's name shall be removed from the Official Membership Roster. Membership in the Association shall not be transferable. An Individual or Business may apply for membership at any time. The membership shall

begin on the date that the dues are received by the Association and the Application is accepted by the Association. The membership shall terminate at the end of March 31st of each year (or sooner, if the person or business ceases qualifying for membership). The membership shall continue, assuming membership qualification, if annual Dues are received prior to the close of March 31st. The Board, by Majority Vote, may choose to stagger membership termination dates if they so choose.

Section 6. Annual Membership Fees. The annual membership fees for all members shall be due in such amount and at such time as a majority of the Board of Directors from time to time approves.

Section 7. Voting and Majority Rule. On each issue or matter submitted to a vote of the members, whether at a meeting of the membership called and held pursuant to the provisions of these Bylaws or otherwise, each Individual Member and Business Member in good standing as of the record date for such vote shall be entitled to cast one (1) vote. If a quorum is present at a meeting, the affirmative vote of the majority of the voting power of the Association present in person or by proxy and voting on any issue or matter (other than the election of directors), shall be the act of the members, unless the vote of a greater number is required by these Bylaws or by the Mutual Benefit Corporation Law. In the case of elections for directors, the candidates receiving the highest number of votes, up to the numbers of directors to be elected, shall be elected to the vacant director positions.

Section 8. Eligibility to Vote and Good Standing. Only members in good standing shall be entitled to vote on any issue or matter presented to the members. In order to be in good standing, a member must not be delinquent in the payment of the annual membership fee. A member's good standing shall be determined as of the record date established in accordance with Section 5 of Article IV.

Section 9. Termination of Membership; Continued Notices. The Board is authorized to establish dates and procedures for termination of membership in the Association by reason of non-payment of annual membership fees. The Association may continue to provide to a member who is delinquent in the payment of annual membership fees notices of all meetings of members and other mailings from the Association, but any such notices or mailings or other recognition of such member shall not be deemed a waiver of the member's delinquency in the payment of annual membership fees.

Section 10. Rights of Individual Members and Business Members. Individual Members and Business Members shall have all rights afforded members under these Bylaws and the Mutual Benefit Corporation Law, except that representatives of Business Members shall not be qualified to serve on the Board.

ARTICLE IV

Meetings of Members

Section 1. Place of Meeting. All meetings of members shall be held at the principal place of business of the Association or at such other location as may be designated by the Board. In unusual circumstances the President or individual in charge of the meeting may move it's location so long as reasonable means are used to notify potential attendees.

Section 2. Annual Meeting. The annual meeting of the members shall be held on the date and at the time in January of each year as may be fixed by the Board and, in the absence of such, on the second Tuesday of January, at the hour of four (4:00) o'clock p.m. If such date falls on a legal holiday, the annual meeting of members shall be held at the same time on the next business day. The purpose of the

annual meeting of members shall be for the election of directors, unless an election is conducted by written ballot (see Section 5 of Article V), and for the transaction of such other business as may lawfully come before the meeting.

Section 3. Special Meetings. Special meetings of members may be called for any lawful purpose at any time by the President or by the Board, or by a written request therefore signed by members representing not less than five percent (5%) of the voting power of the Association. If a special meeting is requested by such percentage of members, the request shall be submitted in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail to the President, any Vice President, or the Secretary of the Association. The officer receiving the request shall submit the request to the Board at its next regular meeting, and the Board shall schedule a special meeting of members for a date which is not less than thirty-five (35) days nor more than ninety (90) days following the officer's receipt of the request.

Section 4. Notice of Meetings. Written notice of each annual and special meeting of members shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting to each member entitled to notice of it; provided, however, that if notice is given by mail and is not mailed by first-class mail, the notice shall be given not less than twenty (20) days before the meeting. The notice shall state the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also state the general nature of the business to be transacted, and no other business may be transacted at the special meeting. In the case of the annual meeting, the notice shall also describe those matters which the Board, at the time of the mailing of the notice, intends to present for action by the members, but subject to the provisions of applicable law, any proper matter may be presented at the meeting for action by the members. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is sent to members.

In order for the members to take action on any of the following proposals at any meeting of members, the general nature of the proposal must be set forth in the notice of the meeting or in a written waiver of notice or consent to the holding of the meeting:

- (a) Removing any director without cause;
- (b) Filling vacancies on the Board under circumstances where a vote of the members is required by section 7224(a) of the mutual benefit Corporation Law;
- (c) Amending the Articles or these Bylaws in any manner requiring approval of the members;
- (d) Approving a contract or transaction between the Association and one or more of its directors; or
- (e) Voting upon any election to voluntarily terminate and dissolve the Association.

Written notice of a members' meeting shall be given to each member either personally or by sending a copy of the notice through the mail or by other means of transmittal addressed to the member at the address of the member appearing on the Official Membership Roster or supplied by the member to the Association for the purpose of the notice. If a member supplies no address, notice shall be deemed to have been given to the member if mailed to the address of the real property in Montecito which is owned by the member or in which the member resides or if published at least once in a newspaper of general circulation in the County. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed to have been given at

the time it is personally delivered to the recipient, is delivered to a common carrier for transmission, or is actually transmitted by electronic means to the recipient.

Section 5. Record Date. For the purpose of determining which members are entitled to receive notice of any meeting, to vote, to act by written ballot without a meeting, or to exercise any rights in respect to any other lawful action, the Board may fix, in advance, a record date, and only members in good standing of record on the date so fixed are entitled to the rights above specified. The record date so fixed shall not be more than (60) days nor less than (10) days prior to the date of the particular action. A determination of members of record entitled to notice of a meeting of members shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting.

If no record date is fixed by the Board, the record date for determining members entitled to notice of a meeting of members shall be at the close of business on the business day preceding the day on which notice is given. If no record date is fixed by the Board, members on the day of the meeting, who are otherwise eligible to vote, are entitled to vote at the meeting of members. If no record date is fixed by the Board, members on the day on which the first written ballot is mailed, who are otherwise eligible to vote, are entitled to cast written ballots.

Section 6. Adjourned Meetings. Any members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power of the Association present in person or by proxy at such meeting, but in the absence of a quorum, no other business may be transacted at any such meeting except as provided in Section 7 of this Article. No meeting may be adjourned for more than forty-five (45) days. It shall not be necessary to give any notice of such adjournment or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which the adjournment is taken. If for any reason a time and place for the adjourned meeting is not fixed by those in attendance at the meeting at which the adjournment is taken, or if a new record date is fixed for notice or voting at the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members.

Section 7. Quorum. The presence in person or by proxy (see Section 4 of Article V) of one hundred (100) Individual Members and Business Members of the Association shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, so long as any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum. Whenever an annual meeting is actually attended, in person or by proxy, by less than one-third of the voting power of the Association (but a quorum is present), the only matters upon which action may be validly taken are those matters the general nature of which was described in the notice of the annual meeting.

ARTICLE V

Voting

Section 1. Voting Rights. Each Individual Member and Business Member eligible to vote (see Section 8 of Article III) shall be entitled to cast one (1) vote on each issue or matter submitted to a vote of the members. Associate Members shall not be entitled to vote (see Section 2 of Article III).

Section 2. No Cumulative Voting. Cumulative voting shall not be permitted in the election of directors.

Section 3. Voting. Voting at any meeting of members may be by voice, except that on all questions where a majority of the voting power of the Association deems it necessary (ascertained by vote), and in any event, in the election or removal of directors, ballots shall be cast secretly and in writing, shall be folded in such a manner that the way in which the ballot is marked cannot be seen, and shall be deposited into a receptacle. The ballots shall be counted immediately upon collection thereof by three (3) persons selected by the chair of the meeting. The chair shall announce the results of the balloting immediately, and the ballots may be inspected by any member entitled to vote.

Section 4. Proxies. Every member entitled to vote shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such member and filed with the Secretary of the Association. Any proxy duly executed continues in full force and effect in accordance with its terms until revoked by the member executing it prior to the vote pursuant thereto. Revocation of a proxy may be effected either by (a) delivery to the Secretary of the Association of a written notice of revocation, (b) delivery to the Secretary of the Association of a subsequently executed proxy, or (c) as to any meeting, attendance at the meeting and voting in person by the person executing the proxy. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the member executing it specifies therein a longer time for which such proxy is to continue in force, which time shall not exceed three (3) years from the date of its execution.

Any form of proxy distributed by any person to ten (10) or more members of the Association for a vote on one or more specific issues or matters shall afford the opportunity to specify a choice between approval and disapproval of each issue or matter or group of related issues or matters intended, at the time the proxy is distributed, to be acted upon. The proxy shall provide that, where the member specifies a choice, the vote shall be cast in accordance with that choice.

Proxies distributed in connection with the election of directors shall set forth the names of all persons who are candidates for election to the Board at the time the proxy is distributed. The proxy form shall contain boxes or lines where the member can express his or her voting preference. If the proxy is marked by a member "withhold" or is otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, the proxy holder shall not vote the proxy either for or against the election of a director. If any proxy executed in connection with the election of directors is marked so as to direct the proxy holder to vote the proxy for a specified candidate or candidates, the proxy holder shall vote in accordance with the direction of the member.

Proxy voting shall not be allowed when members' votes are solicited by written ballot as provided in Section 5 of this Article.

Section 5. Action by Written Ballot Without a Meeting. Any issue or matter requiring the vote of the members, including the election of directors, may be submitted for vote by written ballot without the necessity of calling a meeting of members, so long as the requirements for action by written ballot set forth in this Section 5 are met. The determination to submit any issue or matter for vote in this fashion shall be made by the Board.

Once the determination is made to seek member voting by written ballot, the Board shall establish a record date (see Section 5 of Article IV) and shall distribute a written ballot to every member entitled to vote on the issue or matter at least twenty (20) days prior to the date that the written ballots must be received by the Association in order to be counted.

Any written ballot distributed to members to vote on any issue or matter, other than the election of directors, shall set forth the proposal to be voted upon and shall provide an opportunity to specify approval

or disapproval of the proposal. Written ballots used in any election of directors shall set forth the names of the candidates whose names have been placed in nomination at the time the ballot is distributed, and shall also provide a space where the member can designate a vote for another (write-in) candidate. All written ballots shall state the time by which the ballot must be received by the Association in order to be counted.

Membership voting by written ballot shall be valid only if (i) the number of votes cast by written ballot within the time established for the return of such ballots equals or exceeds the quorum (as specified in Section 7 of Article IV) that would have been required to be present at a meeting if the meeting had been convened to vote on the proposal, and (ii) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot.

Written ballots shall be solicited in a manner consistent with the requirements of Section 4 of Article IV, pertaining to the issuance of notice of members' meetings. All solicitations of written ballots shall indicate (i) the number of responses needed to meet the quorum requirement for valid action, (ii) the time by which the written ballot must be received by the Association in order to be counted, and (iii) in the case of any written ballot distributed to vote on any issue or matter other than the election of directors, the percentage of affirmative votes necessary to approve the issue or matter submitted.

Once cast, a written ballot may not be revoked.

In order to ensure secrecy of written ballots utilized in the elections of directors and in the voting on other issues and matters and fairness in the conduct of the election or voting, the Board may adopt such additional reasonable procedures as it deems necessary or appropriate which are not inconsistent with the provisions of this section. The Board, in its discretion, may use the services of a public accountant to receive and tabulate written ballots. The public accountant retained to perform such services shall have the full powers of an inspector of elections appointed by the Board under Section 7614 of the Mutual Benefit Corporation Law.

The use of the written ballot procedures provided herein shall not preclude the Association from also conducting informational meetings of the members or from scheduling a membership meeting to coincide with or follow the culmination of the balloting process.

Section 6. Single Vote for Business Member. Each Business Member in good standing shall be entitled to a single membership vote in the Association. Each Business Member shall notify the Secretary of the Association in writing of the person designated to vote the membership on behalf of the Business Member.

ARTICLE VI

Directors

Section 1. Powers. Subject to the limitations of these Bylaws, the Articles, and the Mutual Benefit Corporation Law relating to action required to be approved by the members, the activities and affairs of the Association shall be conducted and all Association powers shall be exercised by or under the direction of the Board. The Board shall have full authority to determine the method or plan upon which the powers of the Association shall be exercised and may do everything necessary and convenient in its discretion to accomplish the purposes of the Association. The Board is authorized to perform all acts specified in the Articles in that clause stating the purpose for which the Association is formed and to transact all other

business which the Association by the laws of the State of California is permitted to transact. The Board may employ such agents and employees as it deems advisable. The Board may delegate the management of the activities of the Association to any persons, entities, or committees however composed, provided that the activities and the affairs of the Association shall be managed and all of its powers shall be exercised under the ultimate direction of the Board.

Section 2. Number and Qualification of Directors. The Board shall consist of seventeen (17) persons, each of whom is an Individual Member of the Association whose membership is in good standing.

Section 3. Election and Term of Office. Directors shall be elected at the annual meeting of members by written ballot (Section 5 of Article V), to take office at the annual meeting at which they are elected or, if previously elected by written ballot, at the annual meeting of members following such election. The term of office for which directors shall be elected shall be three (3) years. The staggered terms of office existing at the date of adoption of these Amended and Restated Bylaws shall continue with the *objective being that the terms of either five (5) or six (6) directors expiring at each annual meeting.* Each director, including a director appointed by the Board to fill a vacancy, shall hold office until the expiration of the term for which elected or appointed and until a successor has been elected, has qualified, and has accepted office.

Section 4. Limitation on Terms. Except as provided in this section, a person who has served on the Board for two (2) full consecutive terms of three (3) years each may not be elected or appointed as a director until one (1) year after the person's last term in office. If a person is appointed by the Board to fill a vacancy on the Board with a remaining term of more than one and one-half (1 1/2) years, the person shall be deemed to have served for the full term for purposes of the foregoing provision. A person serving as an Officer of the Association at the expiration of the second three-year term may be elected to a third partial term of one (1) year if the person is nominated and elected to serve another year as an Officer.

Section 5. Nomination of Directors. Persons can become candidates for election to the Board in any of the following ways:

(a) Nominations by Nominating Committee. At least ninety (90) days prior to the Election Date (see subparagraph (g) of Section 4 of Article I), a Nominating Committee shall be appointed to select qualified candidates for election to those positions on the Board held by directors whose terms of office will expire as of the next annual meeting of members. Said Committee shall be composed of five (5) or more Individual Members selected by the President and approved by the Board. Two (2) or more members of said Nominating Committee shall be members of the Board whose directorships are not involved in the election for which nominations are to be made. The Nominating Committee shall make its report in writing to the President sixty (60) days or more prior to the Election Date.

(b) Nominations by Petition. Nominations for director may be made by any Individual Member in good standing provided that said nomination is made in writing and is seconded in writing by fifteen (15) or more Individual Members in good standing. Said written nominations together with the written seconds must be received at the office of the Association at least thirty (30) days prior to the Election Date.

(c) Nominations From the Floor. Except when the election of directors is by written ballot pursuant to Section 5 of Article V, any Individual Member in good standing present in person at a meeting to elect directors may place in nomination the name of any Individual Member in good standing who agrees to serve.

Section 6. Good Standing Requirement for Board. To be eligible for nomination and election to the Board, each Individual Member who is a candidate must be certified by the Secretary of the Association to be in good standing both at the time his or her name is placed in nomination and as of the Election Date.

Section 7. Termination for Nonpayment of Membership Fee. If a director is delinquent in the payment of the membership fee, the Association shall provide the director with written notice of such delinquency. If the director fails to cure such delinquency within fifteen (15) days after the director's receipt of such notice, the director's service on the Board shall terminate, and the position on the Board shall be declared vacant.

Section 8. Vacancies. A vacancy in the Board shall exist on the occurrence of any of the following: (i) the death, resignation, or removal of a director; (ii) the termination of a director's status as an Individual Member of the Association; (iii) the failure of a director to cure the delinquency in the payment of the membership fee as provided in Section 7 of this Article; or (iv) the failure of the members to elect the number of directors to be elected on any Election Date (see subparagraph (g) of Section 4 of Article I). Any director may resign. Such resignation shall be effective when written notice thereof is received by the President or the Secretary, unless the notice specifies a later time for the resignation to become effective. Unless otherwise specified in the notice, acceptance of such resignation shall not be necessary to make it effective.

Whenever any vacancy shall occur in the Board, the president will reconvene the past year's Nominating Committee to nominate a candidate for the vacant seat. The Nominating Committee will make every attempt to have a nomination available by the Board meeting immediately following the announcement of the vacancy. If any member of that Nominating Committee is unavailable to serve, the Executive Committee will immediately appoint a replacement to that Nominating Committee. In any event the nominee submitted by the Nominating Committee will be voted on by the Board and seated at the earliest possible time.

Section 9. Honorary Directors. The Board may elect persons who have made outstanding contributions to the Association or to Montecito to an Honorary Membership on the Board. Such an Honorary Member may not hold office or vote as a director. However, he or she shall not be precluded from serving as a director if he or she chooses to run for election as director and are elected. The term shall be for three years.

Section 10. Executive Committee. The Board, by resolution adopted by a majority of the directors then in office, may designate an Executive Committee to serve at the pleasure of the Board. All Executive Committee members must be members of the Board. Any such Executive Committee shall consist of at least five (5) Board members, one of whom shall be the President and at least two (2) others of whom shall be officers of the Association. Unless limited by the resolution of appointment, the Executive Committee shall have all of the authority of the Board to act on behalf of the Association between regular meetings of the Board, except the Executive Committee may not:

- (a) Take any final action on any matter that, under the Mutual Benefit Corporation Law, also requires the approval of the members;
- (b) Fill any vacancies on the Board;
- (c) Appoint any officers of the Board;

- (d) Expend Association funds in amounts in excess of \$15,000 for a single expenditure which is not set forth in the Association's budget; or
- (e) Take any final action on any matter for which, under the Mutual Benefit Corporation Law, the Board may not delegate its authority to a committee.

All acts of such Executive Committee taken between meetings of the Board shall be reported to the Board at its next regular or special meeting.

Section 11. Other Committees. In addition to the Executive Committee and the Nominating Committee, the Board may designate one or more committees for various purposes. The term of all committee members shall terminate on the date of the annual meeting unless sooner terminated by the action of the Board. These Committees which do not exercise the authority of the Board shall be appointed by the President and approved by the Board, and shall consist of two (2) or more Individual Members (who may also be directors), representatives of Business Members, ~~or~~ Associate Members, or non members to serve at the pleasure of the President and the Board. Unless otherwise expressly provided in these Bylaws or in the Board resolution authorizing and empowering a committee, all actions of any committee shall be considered advisory to the Board and shall be scheduled from time to time on the agenda of the Board for affirmation, rescission, or modification, as the Board deems appropriate. A quorum for each committee shall consist of a majority of committee members unless the Board sets a different number.

Section 12. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by and held and taken in accordance with the provisions of Article VII of these Bylaws, concerning meetings of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee for the Board except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by the President or the chair of the committee. Minutes shall be kept of the meetings of each committee and shall be filed with the Association records, but the Board may dispense with minutes for meetings of any committee. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee. All meetings of committees of the Association shall be open to any member of the Association except for meetings of the Nominating Committee and meetings of the Executive Committee when adjourned to executive session.

Section 13. Geographic Distribution. In selecting members of all Association committees and nominees for membership on the Board, those making the selection, including the Nominating Committee, shall select and nominate equitably from throughout the Association's area, as far as practicable, to the end that membership on the committees and on the Board shall include at least one (1) member from each of the six Geographic Districts of Montecito referred in subparagraph (h) of Section 4 of Article I.

ARTICLE VII

Board Meetings

Section 1. Place of Meetings. Regular and special meetings of the Board shall be held at the office or principal place of business of the Association or at any other place as is designated from time to time by the Board. In unusual circumstances the President or individual in charge of the meeting may move its location so long as reasonable means are used to notify potential attendees.

Section 2. Organizational Meeting of Directors. Immediately following each annual meeting of members, the Board shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business. Notice of this meeting shall not be required.

Section 3. Other Regular Meetings. Other regular meetings of the Board shall be held, without call, at such times as shall from time to time be fixed by the Board and communicated to the Board members. Ordinarily, regular meetings shall be conducted on the second Tuesday of each month at the hour of four (4) o'clock p.m. If such date falls on a legal holiday, said meeting shall be held on the next business day or at such other time as the Board may determine. No notice need be given of such regular meetings.

Section 4. Special Meetings of the Board. Special meetings of the Board may be called by the President or any two (2) directors. Notice of the time and place of a special meeting of the Board shall be given to each director at least four (4) days in advance of the meeting if by first-class mail or forty-eight (48) hours in advance of the meeting if by personal delivery, telephone, facsimile, or electronic noticing. The purpose of said meeting shall be set forth in said notice, and any business which may be lawfully transacted by the Board may be transacted at any special meeting.

Section 5. Quorum. Seven (7) members of the Board shall constitute a quorum for the transaction of business of the Board. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the provisions of the Mutual Benefit Corporation Law. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting or such greater number as is required by these Bylaws, the Articles, or the Mutual Benefit Corporation Law. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting by such means constitutes presence in person at such meeting.

Section 6. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of adjournment to another time and place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of adjournment. Except as provided above, notice of adjournment need not be given.

Section 7. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent shall be filed with the minutes of the proceedings of the Board.

Section 8. Waiver of Notice. Any action taken at any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a waiver of notice, a consent to the holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting. If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice

requirement set forth herein, reasonable efforts nevertheless shall be made to contact all Board members regarding the proposed action in advance thereof rather than relying on notification after the fact.

Section 9. Attendance by Members. With the exception of executive sessions of the Board, all meetings of the Board shall be open to members of the Association, provided, however, that non-director members may participate in deliberations or discussions of the Board only when expressly authorized by the chair of the meeting. Non members may be permitted to comment at the discretion of the chair. The agenda for Board meetings shall include a specific time for member questions and comments. The chair shall be authorized to impose reasonable time limitations on member comments.

Upon announcement by the chair of the meeting or upon the affirmative vote of a majority of the directors present at a meeting, the Board shall be entitled to adjourn for the purposes of reconvening in executive session to discuss litigation in which the Association is or may become a party, personnel matters, or other business in which maintenance of the confidentiality of the Board deliberations is consistent with the best interests of the Association and its members. Before adjourning into executive session, the topic(s) to be discussed in such session shall be announced, in general terms, to the members in attendance at the meeting. Nothing provided herein shall be construed to obligate the Board to first call an open meeting before meeting in executive session with respect to the matters described above.

Section 10. Absence From Meetings. The absence of a director from four (4) or more regular meetings of the Board in any twelve (12) month period shall be cause for removal upon the affirmative vote of a majority of the members of the Board then in office. The Executive Committee may excuse absences of a director, if in the opinion of the Executive Committee, the director has spent sufficient time on Association matters to warrant an excuse. Any such excused meetings shall not be counted towards the four.

Section 11. Compensation. Directors, officers, and members of committees shall not be entitled to compensation for their services as such, although they may be reimbursed for actual expenses as may be determined by reasonable accounting procedures. Expenses for reimbursement shall be supported by proper receipt, invoice, or other documentation.

ARTICLE VIII

Officers

Section 1. Officers. The officers of the Association shall be a President, a First Vice President, a Second Vice President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board, such other officers as may be appointed by the Board. One person may hold two or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as President.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board from among the members of the Board at its first regular meeting following the annual meeting of members. At least thirty (30) days in advance of the date when officers are to be elected, the President shall propose and the Board shall approve a committee of three (3) members of the Board who shall be responsible for nominating a slate of officers for election. Each officer shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve or until his or her successor shall be elected and qualified.

Section 3. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Any such resignation shall take effect on the date of

receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal of Officers. Any officer may be removed by the Board, with or without cause, at any regular or special meeting. The absence of an officer from four (4) or more regular meetings of the Board in any twelve (12) month period, unless excused by the Executive Committee, shall be cause for removal upon the affirmative vote of a majority of the members of the Board then in office.

Section 5. Vacancies. In the case of the death, resignation, or removal from office of any officer of the Association, the Board shall elect a successor, who shall hold office for the unexpired term.

Section 6. President. The President shall be the chief executive officer of the Association and, subject to the control of the Board, shall have general supervision, direction, and control of the affairs and officers of the Association. He or she shall preside at all meetings of the Board and of the members and shall have the general powers and duties of management usually vested in the office of the President of a corporation, together with such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7. Vice Presidents. The First Vice President shall perform the duties and exercise the powers of the President in the event of the absence or disability of the President and shall have such other powers and perform such other duties as may be prescribed by these Bylaws or by the Board. The Second Vice President shall perform the duties and exercise the powers of the President in the event of the concurrent absence or disability of the President and the First Vice President and shall have such other powers and perform such other duties as may be prescribed by these Bylaws or by the Board.

Section 8. Secretary. The Secretary shall keep or cause to be kept, at the principal office of the Association, a book of minutes of all meetings of the directors and members. The Secretary shall attend all sessions of the Board and all meetings of the members and shall cause to be recorded all votes and minutes. The Secretary shall keep or cause to be kept the Official Membership Roster showing the members of the Association together with their addresses and qualifications for membership. He or she shall give or cause to be given notice of all meetings of the Board or the members required by these Bylaws or by the Mutual Benefit Corporation Law. He or she shall keep the seal of the Association in safe custody. He or she shall have such other powers and perform such other duties as may be prescribed by these Bylaws or by the Board.

Section 9. Treasurer. The Treasurer shall be the chief financial officer of the Association and shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Association. The Treasurer shall deposit or cause to be deposited all monies and other valuables of the Association in the name and to the credit of the Association with such depositories as may be designated from time to time by the Board. He or she shall disburse or cause to be disbursed funds of the Association as may be ordered by the Board. He or she shall render to the President and the directors, whenever either requests it, an account of all his or her transactions as Treasurer and of the financial condition of the Association. He or she shall have such other powers and perform such other duties as may be prescribed by these Bylaws or by the Board.

ARTICLE IX

Miscellaneous

Section 1. *Inspection of Books and Records.*

(a) *Member Inspection Rights.* All accounting books and records, all minutes of proceedings of the members, the Board, and committees of the Board, and the Articles and these Bylaws shall be subject to the inspection of any individual member, or business member, or his or her duly appointed representative at the offices of the Association at all times, during reasonable business hours for any purpose reasonably related to the member's interest as such. Member's rights of inspection shall be exercisable on ten days' written demand on the Association, which demand shall state the purpose for which the inspection rights are requested.

(b) *Membership List.* Subject to Sections 8330, 8331, and 8332 of the Mutual Benefit Corporation Law, an Individual Member or Business Member may do either or both of the following for a purpose reasonably related to the member's interest as a member:

- (1) Inspect and hand copy the record of members' names, at reasonable times, upon five (5) business days' prior written demand on the Association, which demand shall state the purpose for which the inspection rights are requested; or
- (2) Request that the Secretary, upon written demand and tender of a reasonable charge for the cost of mailing, mail to the members of the Association any material which the member provides, which is reasonably related to the member's interest in communicating with members, and which does not subject the Association to liability. The demand shall state the purpose for which the mailing is requested. The Secretary shall make the mailing to the members on or before the later of ten (10) business days' after the demand is received or after the date specified therein as the date as of which the list is to be compiled.

The Association within ten (10) business days after receiving a demand as set forth in subparagraph (1) or (2) of this subparagraph (b), may deliver to the person making the demand a written offer of an alternative method of achieving the purpose identified in the demand without providing access to or a copy of the membership list. Any rejection of the Association's offer shall be in writing and shall indicate the reasons the alternative proposed by the Association does not meet the proper purpose of the demand.

(c) *Director Inspection Rights.* Every director shall have an absolute right at any reasonable time to inspect all books, records, documents, and minutes of the Association and the physical properties owned by the Association. This right of inspection by a director includes the right to make extracts and copies of documents.

(d) *Adoption of Reasonable Inspection Rules.* The Board may establish reasonable rules with respect to (i) notice of inspection, (ii) hours and days of the week when inspection may be made, (iii) payment of the cost of reproducing copies of documents requested by a member, and (iv) preservation of the confidentiality of members, their addresses, and their annual contributions.

Section 2. Executive Director. The Board, from time to time, may employ the services of a manager, to be known as the Executive Director or by such other title as the Board may determine, to manage the affairs of the Association. To the extent not inconsistent with the Mutual Benefit Corporation Law, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the Executive Director any of its daytoday management and maintenance duties and powers under these Bylaws, provided that the Executive Director shall at all times remain subject to the general control of the Board.

Section 3. Corporate Seal. The Association shall have a seal in circular form having within its circumference the words "Montecito Protective and Improvement Association, Incorporated on May 11, 1948, State of California."

Section 4. Procedural Rules. An informal, expedient parliamentary procedure will be followed in the conduct of all meetings of the Association unless otherwise provided in these Bylaws.

Section 5. Indemnification.

(a) Indemnification by Association of Directors, Officers, Committee Members, Employees, and Other Agents. To the fullest extent permitted by law, the Association shall indemnify directors, officers, committee members, employees, and other agents described in Section 7237 of the Mutual Benefit Corporation Law, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in said Section 7237 and including an action by or in the right of the Association, by reason of the fact that such person is or was a person described by that section. "Expenses," as used in this section, shall have the same meaning as in Section 7237(a) of the Mutual Benefit Corporations Law.

(b) Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine. in accordance with Section 7237(e) of the Mutual Benefit Corporation Law, whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) of the Mutual Benefit Corporation Law has been met, and if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to the proceeding, the Board shall promptly call a meeting of members. At that meeting, the members shall determine under Section 7237 (e) of the Mutual Benefit Corporation Law whether the applicable standard of conduct set forth in said Section 7237(b) or said Section 7237(c) has been met, and if it has, the members present at the meeting in person or by proxy shall authorize indemnification.

(c) Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by the director, officer, committee member, Executive Director, employee, or agent seeking indemnification under subparagraphs (a) and (b) of this Section 5 in defending any proceeding covered by those sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

(d) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of the directors, officers, committee members, Executive Director, employees, or agents against liability asserted against such persons in such capacity or arising out of such person's status as such.

(e) *Purpose.* The purpose of the foregoing provisions is to protect the directors, officers, committee members, Executive Director, employees, and agents of the Association from liability for acts committed on behalf of the Association so long as such persons acted in good faith and in a manner such persons reasonably believed to be in the best interest of the Association.

Section 6. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and the singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

ARTICLE X

Amendment of Bylaws

Section 1. Amendment by Directors. Except as provided in this Section, these Bylaws may be amended or repealed in whole or in part ("changed") by the vote of a majority of all directors. The right of the directors to change these Bylaws shall not apply to any amendment or repeal that:

- (a) Changes the number of directors;
- (b) Increases the quorum requirements for membership meetings;
- (c) Changes the Bylaws provisions governing the use of proxies;
- (d) Materially and adversely affects the rights of the members as to voting, dissolution or redemption;
- (e) Effects a reclassification or cancellation of all or part of the Individual Memberships or the Business Memberships; or
- (f) Authorizes a new class of membership as defined in Section 5056 of the Mutual Benefit Corporation Law.

Section 2. Amendment by the Members. Except as provided in Section 1 above, these Bylaws may be amended or repealed only by the affirmative vote of a majority of the voting power represented and voting at a duly held meeting at which a quorum is present or by written ballot conducted in accordance with Section 5 of Article V. If any provision of these Bylaws requires the vote of a larger proportion or all of the members, such provisions may not be altered, amended, or repealed except by such greater vote, unless otherwise specifically provided herein.

Section 3. Effective Date. Any amendment to or repeal of all or part of these Bylaws shall become effective immediately upon approval by the Board or the members, unless a later effective date is stated in the resolution or action effecting the amendment or repeal. The Secretary of the Association shall certify adoption of any duly approved amendment or the repeal of all or part to the Bylaws and a copy of said certificate and the amendment shall be included in the Association's corporate records.

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the corporation known as Montecito Protective and Improvement Association, Inc., does hereby certify that foregoing Amended and Restated Bylaws consisting of 17 pages, were duly adopted by a vote of the Board of Directors of said Association on the 14th day of October 2008, and that they now constitute the Bylaws of the Association.

By

Cynthia Feinberg, Secretary