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 VERTICAL WEB VENTURES, INC., JACKIE
 McKINLEY, SELINE KARAKAYA, AND
 CHRISTOPHER LEE

SUPERIOR COURT OF THE STATE OF CALIFORNIA
 COUNTY OF SAN BERNARDINO

VERTICAL WEB VENTURES, INC.,
 JACKIE McKINLEY, SELINE
 KARAKAYA, AND CHRISTOPHER
 LEE,

Plaintiffs,

v.

ARROWHEAD LAKE ASSOCIATION,
 GARY CLIFFORD, ROBERT
 MATTISON, ALAN B. KAITZ, BRIAN
 C. HALL, ERAN HEISSLER, ANTHONY
 O'KEEFE, CHRISTOPHER WILSON,
 and DOES 1 to 10,

Defendant.

CASE NO. CIVSB2120604

UNLIMITED CIVIL

FIRST AMENDED COMPLAINT FOR:

- (1) BREACH OF CONTRACT
- (2) INFRINGEMENT OF PROPERTY RIGHTS
- (3) BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING
- (4) INTERFERENCE WITH EASEMENT
- (5) DECLARATORY RELIEF
- (6) INJUNCTIVE RELIEF
- (7) RACE AND NATIONAL ORIGIN DISCRIMINATION AND HARASSMENT
- (8) GENDER DISCRIMINATION AND HARASSMENT
- (9) RETALIATION IN VIOLATION OF PUBLIC POLICY
- (10) PRIVATE NUISANCE
- (11) PUBLIC NUISANCE

DEMAND FOR JURY TRIAL

FILED
 SUPERIOR COURT OF CALIFORNIA
 COUNTY OF SAN BERNARDINO
 SAN BERNARDINO DISTRICT

SEP - 3 2021

BY Leanne M. Landeros
 LEANNE M. LANDEROS, DEPUTY

No Summons Issued

By Fax

RECEIVED
SEP - 3 2021
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN BERNARDINO
SAN BERNARDINO DISTRICT

1 Plaintiffs Vertical Web Ventures, Inc., Jackie McKinley, Seline Karakaya, and
2 Christopher Lee ("Plaintiffs") hereby complain against Defendants Arrowhead Lake Association,
3 Gary Clifford, Robert Mattison, Alan B. Kaitz, Brian C. Hall, Eran Heissler, Anthony O'Keefe,
4 Christopher Wilson, and Does 1-10, inclusive, as follows:

5
6 **I. NATURE OF THE ACTION**

7 1. Lake Arrowhead (the "Lake") is located in the mountains of San Bernardino
8 County, California. The Lake offers opportunities for swimming, boating, fishing, and other
9 water sports, as well as mountain activities that have made it and the surrounding area a popular
10 destination for its owners and their vacation lessees and guests for decades.

11 2. Plaintiffs each own real property located in a development known as Arrowhead
12 Woods. Plaintiffs have used, and/or continue to use, their real property both for their own
13 personal enjoyment, as well as the enjoyment of their family members, friends, house guests and
14 those whom they from time to time choose to lease their property for vacation rentals.

15 3. Property ownership in Arrowhead Woods has always included a valuable and
16 exclusive asset: access to the private Lake and shoreline surrounding the Lake (the "Reserve
17 Strips"). These rights expressly extend to each Arrowhead Woods property owners' lessees and
18 house guests, and that has been the case since at least 1964, when the developers of Lake
19 Arrowhead entered into a formal written agreement (the '64 Agreement) to settle a lawsuit
20 brought by the Arrowhead Woods Property Owners' Association to establish the rights of
21 Arrowhead Woods property owners with respect to the Lake and the Reserve Strips. That '64
22 Agreement unequivocally granted the property owners and their successors in Arrowhead Woods,
23 their lessees and house guests, unrestricted access to the Lake for all reasonable recreational use
24 (but not for commercial use) in perpetuity.

25 4. The Arrowhead Woods property owners, through an entity called the Arrowhead
26 Lake Association (the "ALA"), later purchased the Lake and the Reserve Strips, expressly
27 preserving their rights under the '64 Agreement. Arrowhead Woods owners created the
28 Defendant ALA to manage the Lake and the Reserve Strips on their behalf.

5. The defendants have unlawfully infringed upon the Arrowhead Woods property owners' rights granted under the '64 Agreement by prohibiting Arrowhead Woods property owners who lease their homes to house guests for a period of less than thirty days ("Vacation Renters" or "Vacation Lessees") from accessing the Lake and the Reserve Strips.

6. The defendants' acts are so blatantly violative of the '64 Agreement that their acts are willful and beyond their authority under the '64 Agreement. Their motivations are entirely nefarious, and are grounded in racial and ethnic origin bias and misogyny.

7. Motivated by the same animus, the defendants have embarked on a campaign to transform the Lake community into a “country club” that excludes those whom the defendants have decided “do not belong.” To that end, the defendants have constructed unnecessary, exclusionary and obstructionist fences and enacted arbitrary and unreasonable access rules that they selectively enforce against Arrowhead Woods property owners. These aggressive, overreaching tactics directly and unreasonably interfere with the broad access rights conferred by the ‘64 Agreement.

8. The defendants further infringe on the rights granted by the '64 Agreement by prohibiting Arrowhead Woods property owners who do not belong to the ALA from accessing the Lake and Reserve Strips.

9. Through this lawsuit, Plaintiffs seek declaratory relief, injunctive relief, and damages to remedy the ALA's unlawful interference with and infringement upon their rights to access the Lake and Reserve Strips and to extend that access to their lessees and house guests.

II. THE PARTIES

10. Plaintiff's Vertical Web Ventures, Inc., Jackie McKinley, Christopher Lee, and Seline Karakaya each own real property in Arrowhead Woods and are members and non-members of the ALA. They have owned their respective real property at all times relevant herein.

11. Defendant ALA is a non-profit mutual benefit corporation headquartered in San Bernardino County, California.

12. The individual Defendants are or were directors or employees of the ALA who

1 have initiated, implemented and enforced restrictions on Plaintiffs and other Arrowhead Woods
2 property owners in direct contravention of the '64 Agreement, the property rights of Plaintiffs and
3 other Arrowhead Woods property owners, the discrimination and harassment laws of the State of
4 California, and the public policy of the State of California.

5 6 **III. JURISDICTION AND VENUE**

7 13. Jurisdiction and venue are proper in the Superior Court of the State of California
8 for San Bernardino County because the ALA's principal place of business is located in the
9 County of San Bernardino, State of California and because the unlawful acts arose there. (*See*
10 Code of Civ. Pro. § 395.5.)

11 12 **IV. FACTUAL BACKGROUND**

13 **A. The '64 Agreement Grants Broad Rights to the Arrowhead Woods Property Owners,** 14 **their Lessees, and their House Guests to Access the Lake and Reserve Strips**

15 14. Access to the Lake and Reserve Strips has always been a prime selling point for
16 property in Arrowhead Woods. The Lake and the surrounding community were first developed
17 as a resort destination a hundred years ago, in 1921, and that has remained the primary attraction
18 of the Lake and of the city of Lake Arrowhead ever since.

19 15. To protect their rights to this valuable and exclusive asset for generations to come,
20 Arrowhead Woods property owners and the Arrowhead Woods Property Owners Association
21 filed a lawsuit in the early 1960s against Arrowhead Mutual Service Co. (owner of the Reserve
22 Strips,¹ "Service Co.") and Lake Arrowhead Development Co. (owner of the Lake, "Development
23 Co.") seeking, *inter alia*, to establish their rights to access the Lake and the Reserve Strips.

24 16. In or about August 1964, the Arrowhead Woods property owners, Development
25 Co. and Service Co. entered into a settlement agreement (the '64 Agreement), a true and correct
26 copy of which is attached hereto as Exhibit A. The stated purpose of the '64 Agreement was and

27
28 ¹. Arrowhead Woods is defined in paragraph 1 of the '64 Agreement and Reserve Strips refers to both the Reserve Strips and Reserve Strip Additions defined in paragraph 2 of the '64 Agreement. *See* Exhibit A.

1 is "to establish certain rights" of property owners in Arrowhead Woods to the Lake and the
2 Reserve Strips and the Reserve Strip Additions.

3 17. The '64 Agreement, granted Arrowhead Woods property owners and their
4 successors, "the following non-exclusive rights, easements, and servitudes in, over, upon and with
5 respect to" the Lake and the Reserve Strips:

6 a. The right for themselves, their *lessees* and *house guests* to use the strips for private
7 park and reasonable recreation purposes, and for ingress and egress by foot travel,
but not for commercial or business purposes ...

8 c. The right for themselves, their *lessees* and *house guests* to use the Lake for
9 reasonable recreational purposes, including but not limited to boating, fishing,
10 swimming and bathing, but not business or commercial purposes, and subject to the
rights expressed in paragraph 6 of this instrument, and the right in Development Co.
11 and Service Co. or either of them to promulgate and enforce reasonable regulations
designed to promote the safety, health, comfort and convenience of persons in or
upon the Lake or in the vicinity thereof with respect to the conduct of such activities.

12 Ex. A, paragraphs 3(a), (c) (emphasis added).

13 18. The '64 Agreement also clearly declares that it is "binding upon and inure[s] to the
14 benefit of the successors, lessees, and assigns of the parties hereto." This language unequivocally
15 provides future owners in Arrowhead Woods, their guests, and their lessees the unrestricted right
16 to use the Lake and the Reserve Strips for reasonable recreational purposes and for ingress and
17 egress.

18 19. The '64 Agreement also provides that recordation of the Agreement with the
19 County Recorder of the San Bernardino County, California constitutes "notice to any buyer of
20 property within the exterior boundaries of Arrowhead Woods, including the strips and the Lake."
21 In accordance with this provision, the '64 Agreement was recorded in San Bernardino County in
22 or about October 1964.

23 20. The '64 Agreement further provides that any amendments thereto must also be
24 recorded with the County Recorder of San Bernardino County, California. A search of records
25 of the County Recorder of San Bernardino County, California shows no such amendments.
26 Accordingly, the '64 Agreement (attached as Exhibit A) is enforceable as originally agreed to.

27 21. After the '64 Agreement was entered into, Development Co. continued to own the
28 Lake and the Reserve Strips. On information and belief, in or about 1967, Development Co.

1 merged with Boise Cascade Corporation of Boise, Idaho, and Boise Cascade become the owner
2 of the Lake and Reserve Strips. The Arrowhead Woods property owners' rights to the Lake and
3 the Strips remained unchanged under the '64 Agreement following that merger.

4 **B. The Arrowhead Woods Property Owners Purchase the Lake and Reserve Strips**

5 22. In or about 1974, the dam that created the Lake needed to be rebuilt after studies
6 following the 1971 Sylmar earthquake revealed it to be unsafe. Boise Cascade wanted the cost
7 of the rebuild to be shared by the Arrowhead Woods property owners. The Arrowhead Woods
8 property owners financed a \$7 million bond so that the dam could be rebuilt.

9 23. Soon thereafter, in 1974, the Arrowhead Woods property owners together formed
10 the ALA and in 1975, purchased the Lake and the Reserve Strip from Boise Cascade. Nothing
11 in the purchase agreement between the Arrowhead Woods property owners and Boise Cascade,
12 or in the ALA formation documents, altered the rights of Arrowhead Woods property owners to
13 unrestricted access to the Lake and the Reserve Strips for themselves, their lessees and their
14 guests. Indeed, since the Arrowhead Woods property owners were purchasing the Lake and the
15 Reserve Strips, there would be no need to modify the terms of the '64 Agreement, and the 1975
16 Agreement reaffirms the continuing viability of the '64 Agreement. The ALA formation
17 documents confirm that fact, as discussed further below.

18 24. So too does the conduct of the ALA over the course of more than 50 years since
19 the '64 Agreement was entered into. The ALA consistently recognized that vacation renters had
20 full access rights and even granted them permits to boat on the Lake. During that time, it
21 followed the '64 Agreement in all respects and did not advance absurd assertions such as a
22 vacation renter is not a lessee or a guest.

23 25. The ALA's Articles of Incorporation confirm this, stating that the ALA's "specific
24 purpose" is to "provide nonprofit recreational facilities and activities on and around Lake
25 Arrowhead, exclusively for the use and enjoyment of the owners of real property in Arrowhead
26 Woods, their families and *guests*." (Emphasis added.) A true and correct copy of the Articles of
27 Incorporation is attached hereto as Exhibit B.

28 26. The ALA is governed by Bylaws. A true and correct copy of the Bylaws dated

1 April 24, 2021 is attached hereto as Exhibit C. The ALA's obligation to comply with the '64
2 Agreement, and the primacy of the '64 Agreement are recognized in Article II, Section F,
3 Number 8 of the Bylaws: "In the event of a conflict between the ALA Bylaws and the language
4 of the 1964 Agreement, the language of the 1964 Agreement shall control."

5 27. The Bylaws provide that only owners of real property in Arrowhead Woods may
6 be residential members of the ALA. See Exhibit C, Article II, Section B. However, the '64
7 Agreement does not require that Arrowhead Woods property owners join the ALA or any other
8 organization to qualify for the access rights enumerated in paragraph 3.

9 C. The '64 Agreement Grants Arrowhead Woods Property Owners and Renters
10 Unrestricted Access to the Lake and Reserve Strips

11 28. Plaintiffs are successor owners of real property in Arrowhead Woods.
12 Accordingly, they, along with their lessees and house guests, possess the access rights
13 enumerated in the '64 Agreement to use the Lake and Reserve Strips for recreational purposes.

14 29. The Grant of Easement (Exhibit D) confers easement rights on the ALA, its
15 members, and *their* invitees and guests. The Grant of Easement defines an ALA "Member" as
16 "each and every owner of real property in the area known as Arrowhead Woods." See Exhibit D
17 at paragraphs D, E. Because Plaintiffs are Arrowhead Woods real property owners, they are
18 Members as defined by the Grant of Easement.

19 30. Plaintiffs and other Lake Arrowhead Woods property owners have obtained lawful
20 permits from the San Bernardino County Land Use Services Code Enforcement Department to
21 lease their properties to vacation renters for anytime period they choose.

22 31. A vacation renter is a "lessee" under every plausible definition of that word and
23 therefore, under the '64 Agreement, vacation renters who occupy Plaintiffs' properties as lessees
24 have the unrestricted right to access the Lake and Reserve Strips. Vacation lessees are also the
25 owners' houseguests and are therefore entitled to access on that basis as well.

26 D. The ALA's Ban on Arrowhead Woods Vacation Renters is Void and
27 Unenforceable

28 32. Despite the clear and unequivocal language in the '64 Agreement, the ALA has

1 unlawfully banned Arrowhead Woods vacation lessees from accessing the Lake and Reserve
2 Strips.

3 33. Initially, in or about 2019, the defendants proposed to unilaterally amend the
4 Bylaws to ban vacation lessees from the Lake and Reserve Strips. This proposal was met with
5 strong opposition from Plaintiffs and other Arrowhead Woods property owners because it would
6 violate the '64 Agreement.

7 34. In response, in or about 2020, the defendants again proposed to ban Arrowhead
8 Woods owners' vacation renters, this time by putting the proposed ban to a vote of the ALA
9 membership. The ALA membership is a smaller subset of Arrowhead Woods property owners
10 and has no more ability to override the '64 Agreement and Arrowhead Woods owners' property
11 rights than do the defendants. The defendants thus sought to accomplish by mob rule what they
12 knew they could not accomplish by law.

13 35. In or about September 2020, the ALA membership voted in favor of banning
14 vacation lessees. Thereafter, the ALA Board of Directors, including the individual defendants,
15 amended the Bylaws to added the following Section C to Article II thereof:

16 The clients of ALA members who rent their homes in Arrowhead Woods for less
17 than a 30-day period ('Short Term Renters') cannot access Lake Arrowhead, the
18 ALA Beach Clubs, the ALA trails, any other ALA facility and/or any dock on Lake
Arrowhead owned by any ALA member renting a home in Arrowhead Woods to
the Short Term Renter.

19 As this Bylaw was created by a vote of the ALA members, it can only be changed
20 by a vote of the ALA members.

21 36. By prohibiting vacation lessees from accessing the Lake and the "ALA trails" (i.e.
22 the Reserve Strips), Section C entirely deprives Plaintiffs, other Arrowhead Woods owners, and
23 their vacation lessees and guests of the access rights granted in paragraph 3 of the '64 Agreement.
24 Section C even prohibits Arrowhead Woods property owners from allowing their lessees and
25 house guests (i.e. vacation renters) access to their docks on the Lake, docks that Arrowhead
26 Woods property owners own in fee. The defendants know this full well, yet have acted outside
27 the scope of their duties as board members in so amending the Bylaws.

28 37. Section C is void and unenforceable because it directly violates the property rights

1 conferred upon Arrowhead Woods lessees and their house guests by the '64 Agreement. The
2 ALA's own Bylaws admit that the ALA's rights are limited by the '64 Agreement. The
3 defendants know this full well, yet have acted outside the scope of their duties as board members
4 in so amending the Bylaws.

5 38. A vote by the majority of ALA members is also irrelevant and an invalid attempt
6 to interfere with Arrowhead Woods owners' property rights because membership in the ALA is
7 not and has never been a requirement for Arrowhead Woods property owners, their lessees, and
8 house guests to exercise their right to access the Lake and the Reserve Strips pursuant to the '64
9 Agreement. The defendants know this full well, yet have acted outside the scope of their duties
10 as board members in so amending the Bylaws.

11 39. The ALA and the individual defendants have taken the position that the ban on
12 vacation lessees falls within its right, as the successor to Service Co. and Development Co., to
13 "promulgate and enforce reasonable regulations designed to promote the safety, health, comfort
14 and convenience of persons in or upon the Lake or in the vicinity." But this provision by no
15 means authorizes the ALA to deprive Arrowhead Woods property owners of rights unequivocally
16 guaranteed and recorded in the '64 Agreement.

17 40. The Bylaw amendment indisputably exceeds the ALA's authority to adopt
18 *reasonable* regulations because rather than reasonably regulate the access of Arrowhead Woods
19 property owners', their lessees, and their guests, it completely denies them access to the Lake and
20 Reserve Strips. In doing so, the ALA deprives Plaintiffs and other Arrowhead Woods property
21 owners of property rights granted by the '64 Agreement.

22 41. The defendants also contend that allowing vacation lessees access to the Lake and
23 Reserve Strips constitutes a "commercial or business purposes" under the '64 Agreement.
24 However, this assertion is not plausible and is contrary and inconsistent with the clear and
25 express language of the '64 Agreement and the custom and practice of the ALA itself.

26 42. At the October 24, 2020 ALA Board meeting, the defendants approved a further
27 amendment to the Bylaws to impose the following fine schedule:

28 The fine schedule for ALA members who rent their homes in Arrowhead Woods

1 for less than a 30-day period and allow a Short Term Renter or Short Term Renters
2 to access Lake Arrowhead, the ALA Beach Clubs, the ALA trails and/or any other
3 ALA facility and/or any dock on Lake Arrowhead owned by any ALA member
4 renting a home in Arrowhead Woods to the Short Term Renter is as follows:

- 5 1. First Violation. A maximum fine of \$1,000.00;
6 2. Second Violation. A maximum fine of \$2,500.00;
7 3. Third Violation. A maximum fine of \$5,000.00.

8 In addition to the maximum fines listed above, any ALA member who is found to
9 have violated this section three or more times may be called to a hearing pursuant
10 to ALA Bylaws Article II, SECTION H. Rules and Procedures for Suspension or
11 Expulsion of Members from the Arrowhead Lake Association.

12 43. The fee schedule is not only excessive, it constitutes a further violation of the '64
13 Agreement because it imposes fines on Arrowhead Woods property owners for exercising rights
14 guaranteed by the '64 Agreement.

15 **E. The ALA Imposes Barriers to Access in Violation of the '64 Agreement**

16 44. Separate and apart from the vacation lessee ban discussed above, the defendants
17 have otherwise blatantly violated the '64 Agreement in their quest to change the Lake community
18 into a private country club that serves their interests to the exclusion of the rights of *all*
19 Arrowhead Woods property owners to enjoy and share the Lake with their family and friends.

20 **F. Arbitrary Rules and Selective Enforcement Violate the '64 Agreement**

21 45. For decades, Arrowhead Woods property owners have used their homes as a
22 gathering place and retreat for family and friends to enjoy the Lake and its abundant recreational
23 opportunities. The '64 Agreement protects their legal right to continue to do so. The defendants
24 have unduly restricted that right by arbitrarily and inconsistently enforcing unlawful limitations
25 on that access.

26 46. In or around 2020, the defendants began requiring that Arrowhead Woods property
27 owners register *any* guests by name. This requirement unreasonably and unnecessarily invades
28 the privacy of Arrowhead Woods property owners and their guests who, for any number of valid
reasons, including privacy rights, oppose disclosing their name and whereabouts to the ALA and
its employees and volunteers.

47. The defendants have further unreasonably and unnecessarily restricted Arrowhead

1 Woods property owners' rights by arbitrarily limiting the number of guests that can be registered
2 per household and resisting requests to make substitutions to the guests registered.

3 48. The defendants have further infringed on the rights conferred by the '64
4 Agreement by deputizing untrained and unqualified volunteers to patrol the Lake and Reserve
5 Strips to enforce these unreasonable restrictions. This so-called "volunteer auxiliary patrol"
6 harasses Arrowhead Woods property owners and their guests who are peacefully enjoying the
7 trails and the Lake. The patrol purports to have the right to stop anyone, demand they provide
8 identification, and detain them until their identity and right to access can be verified. This type of
9 police-state tactic blatantly interferes with Arrowhead Woods property owners' and their guests'
10 use and enjoyment of their right to access the Lake and Reserve Strips. Worse yet, the "volunteer
11 auxiliary patrol" regularly targets minorities and Arrowhead Woods property owners who have
12 openly opposed the ALA.

13 **F. Requirement of RFID Cards Violates the '64 Agreement**

14 49. For decades, entrance gates to the Reserve Strips and the Lake had keypads that
15 enabled Arrowhead Woods property owners, their lessees, and their guests access using a
16 passcode. This system allowed the ALA to keep the Lake and trails private without unduly
17 burdening the rights conferred to Arrowhead Woods property owners, their lessees, and their
18 guests to access the Reserve Strips and the Lake.

19 50. In or about 2020, the defendants unilaterally decided to replace the keypads with
20 sensors that grant access only to those carrying a radio frequency identification ("RFID") card.
21 This change created a substantial and unjustifiable barrier to access that exceeds the ALA's
22 limited authority to promulgate reasonable regulations related to the safety, health, comfort and
23 convenience of persons in or upon the Lake or in the vicinity in multiple ways.

24 51. First, the defendants refuse to issue RFID cards to Arrowhead Woods property
25 owners who are not ALA members. As set forth above, the '64 Agreement indisputably grants
26 access rights to *all* Arrowhead Woods property owners. Accordingly, the defendants' refusal to
27 issue RFID cards to Arrowhead Woods property owners who are not members of the ALA
28 constitutes a material breach of the '64 Agreement because it deprives a whole class of

1 Arrowhead Woods property owners of access to the Lake and Reserve Strips.

2 52. Second, the defendants arbitrarily restrict Arrowhead Woods property owners'
3 households to two RFID cards. This arbitrary restriction on the number of cards issued to
4 households unduly impairs Arrowhead Woods property owners' use and enjoyment of their
5 access rights and therefore, constitutes a breach of the '64 Agreement. For example, an
6 Arrowhead Woods property owner with an immediate family of three or more cannot separately
7 access the Lake and Reserve Strips on any given day. If the family hosts additional houseguests,
8 this significant impairment of their access rights is compounded.

9 **G. Construction of New Fences Violates the '64 Agreement**

10 53. As described above, for decades, gates and fences at several main entry points to
11 the Lake and Reserve Strips effectively maintained the private access reserved for Arrowhead
12 Woods property owners, their lessees, and their guests.

13 54. In or about 2020 and 2021, the defendants erected new fences and gates in more
14 remote locations that have little foot traffic by members of the general public unaffiliated with
15 Arrowhead Woods property owners. The clear intent of these new fences and gates is to enforce
16 the new and unlawful restrictions the defendants have imposed on Arrowhead Woods property
17 owners, as well as their lessees and houseguests.

18 55. These new fences and gates directly obstruct Arrowhead Woods owners', their
19 lessees', and their guests' access to Reserve Strips and the Lake, including to the docks they own
20 on the Lake. These new gates and fences cannot be construed as reasonable regulations designed
21 to promote the "safety, health, comfort and convenience of persons in or upon the Lake or in the
22 vicinity." To the contrary, the heavy gates, located sometimes on steep flights of stairs, grossly
23 inconvenience Arrowhead Woods property owners and create a dangerous safety hazard for
24 owners, young children and others who have difficulty navigating stairs.

25 56. These problems are compounded by the fact that Arrowhead Woods property
26 owners are restricted to two RFID cards per household and therefore, must go up and down each
27 time one of their family members or friends needs to be let in through the gate.

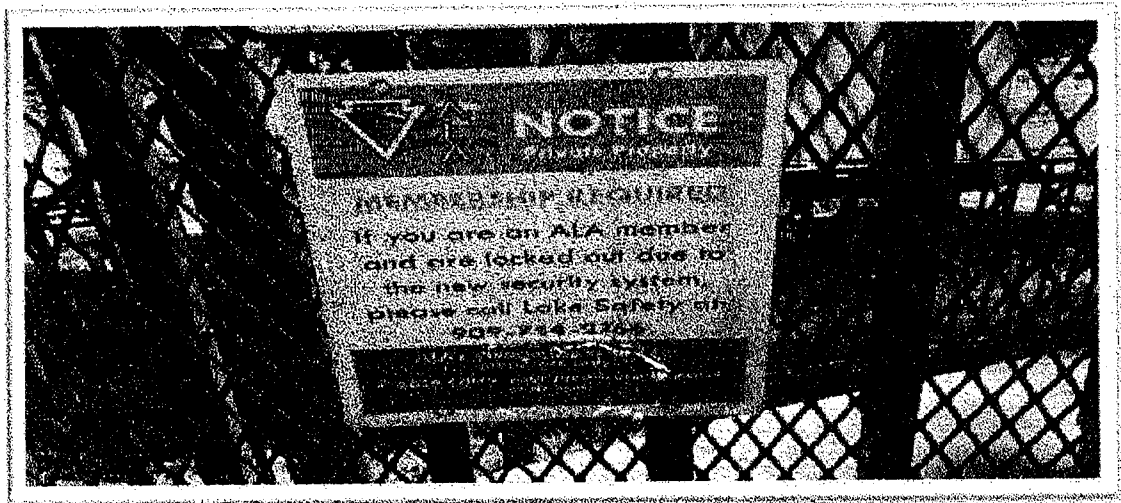
28 57. The new gates and fences have not been needed for the past 55-plus years and are

unnecessary, inconvenient, and in some instances, hazardous. They violate the right of Arrowhead Woods property owners, their lessees, and their guests to access the Lake and the Reserve Strips.

H. Posted Signs Violate the '64 Agreement

58. The defendants have posted and enforced rules at one of the main entrance gates to the Lake and trails that directly violate the rights conferred by the '64 Agreement.

59. The posted sign pictured below states "Membership Required" for access to the trails and directs members to carry their membership cards. By posting this sign, the defendants have improperly restricted access to the trails to ALA members only and have thereby deprived access to Arrowhead Woods property owners who are not members of the ALA and their lessees and guests.



60. The sign pictured below acknowledges that Arrowhead Woods property owners have the right to access regardless of membership. However, the '64 Agreement does not permit the ALA to limit access to Arrowhead Woods property owners because such property owners are entitled to extend access to their lessees and guests.



61. Most recently, on July 10, 2021, the ALA Board of Directors announced that it has promulgated the following rule, purporting to ban Arrowhead Woods property owners who are not members from accessing the Lake and Reserve Strips:

Any property owner of a residential lot in Arrowhead Woods ('Property Owner') who wishes to use, or to allow guests and/or lessees to use Lake Arrowhead and/or the Association Properties (including, without limitation, the Reserve Strip and/or Reserve Strip Additions, Trails near Lake Arrowhead and any other property owned by ALA) must become at least a general member of the ALA. Should any property owner chose not to become an ALA member, that property owner and that property owner's guests and/or lessees will not be permitted to use Lake Arrowhead and/or any other Association Properties.

62. The ALA has no authority to impose such a requirement on the express property rights of Arrowhead Woods property owners. While the '64 Agreement grants the ALA, as a successor owner of the Lake and Reserve Strips, circumscribed rights to impose "reasonable regulations" on access, denying access is not and cannot be construed as reasonable regulation.

1 The ALA has no right to require Arrowhead Woods property owners to pay for property rights
2 they already possess. The defendants know this full well, yet have acted outside the scope of
3 their duties as board members in so amending the Bylaws.

5 **FIRST CAUSE OF ACTION**

6 **Breach of Contract**

7 63. The allegations contained in the preceding paragraphs 1 through 62 are hereby
8 incorporated by reference as if fully set forth herein.

9 64. The benefits provided in the '64 Agreement inure to the benefit of Plaintiffs, their
10 lessees, and guests because Plaintiffs are successor owners of Arrowhead Woods real property.

11 65. The ALA's Bylaws reaffirm the rights granted to Arrowhead Woods property
12 owners by the '64 Agreement.

13 66. In breach of Plaintiffs' rights enumerated in the '64 Agreement, the defendants
14 have amended the ALA Bylaws to ban Arrowhead Woods property owners' vacation lessees and
15 guests from accessing the Lake and Reserve Strips and have imposed fines for violation of the
16 ban.

17 67. In breach of Plaintiffs' rights enumerated in the '64 Agreement, the defendants
18 have promulgated, posted, and enforced rules that improperly limit Lake and Reserve Strips
19 access to ALA members, denying such access to Arrowhead Woods property owners.

20 68. In breach of Plaintiffs' rights enumerated in the '64 Agreement, the defendants
21 have arbitrarily restricted Plaintiffs, their lessees, and their guests rights to access the Lake and
22 Reserve Strips by limiting the number of RFID issued and requiring that guests be registered.

23 69. In breach of Plaintiffs' rights enumerated in the '64 Agreement, the defendants
24 have used their volunteer auxiliary patrol to harass Arrowhead Woods property owners and their
25 guests on the Lake and the Reserve Strips by stopping them, demanding verification of their
26 identity, and detaining them until their identification and right to access can be verified.

27 70. In breach of Plaintiffs' rights enumerated in the '64 Agreement, the defendants
28 have erected new fences and gates that unnecessarily and unreasonably obstruct access to the

1 Lake and the Reserve Strips.

2 71. As a direct and proximate result of the ALA's breach of the '64 Agreement,
3 Plaintiffs have been and continue to be damaged in an amount in excess of the court's
4 jurisdictional threshold, and to be established by appropriate proof at trial.

5
6 **SECOND CAUSE OF ACTION**

7 **Infringement of Property Rights**

8 72. The allegations contained in the preceding paragraphs 1 through 71 are hereby
9 incorporated by reference as if fully set forth herein.

10 73. The property rights provided in the '64 Agreement inure to the benefit of Plaintiffs
11 and their lessees and guests because Plaintiffs are successor owners of Arrowhead Woods real
12 property.

13 74. The ALA's Bylaws reaffirm the rights granted to Arrowhead Woods property
14 owners by the '64 Agreement.

15 75. The defendants have infringed Plaintiffs' and other Arrowhead Woods property
16 owners' property rights enumerated in the '64 Agreement, by amending the ALA's Bylaws to ban
17 Arrowhead Woods property owners' vacation lessees and guests from accessing the Lake and
18 Reserve Strips and have imposed fines for violation of the ban.

19 76. The defendants have also infringed property rights granted to Arrowhead Woods
20 property owners by the '64 Agreement by promulgating, posting, and enforcing rules that
21 improperly limit Lake and Reserve Strips access to ALA members.

22 77. Defendants have further infringed property rights granted to Arrowhead Woods
23 property owners by the '64 Agreement by imposing arbitrary restrictions on the number of RFID
24 cards issued per household and requiring registration of guests.

25 78. Defendants have further infringed property rights granted to Arrowhead Woods
26 property owners by the '64 Agreement by harassing Arrowhead Woods property owners and their
27 guests on the Lake and the Reserve Strips.

28 79. Defendants have further infringed property rights granted to Arrowhead Woods

1 property owners by the '64 Agreement by erecting new fences and gates that unnecessarily and
2 unreasonably obstruct access to the Lake and the Reserve Strips.

3 80. As a direct and proximate result of the ALA's breach of the '64 Agreement,
4 Plaintiffs have been and continue to be damaged in an amount in excess of the court's
5 jurisdictional threshold, and to be established by appropriate proof at trial.

7 **THIRD CAUSE OF ACTION**

8 **Breach of the Covenant of Good Faith and Fair Dealing**

9 81. The allegations contained in the preceding paragraphs 1 through 80 are hereby
10 incorporated by reference as if fully set forth herein.

11 82. Plaintiffs and the ALA are successors in interest to the '64 Agreement and
12 bound by its terms.

13 83. The defendants have prevented Plaintiffs and other Arrowhead Woods
14 property owners from receiving the benefits of the '64 Agreement because the ALA has barred
15 Plaintiffs from granting their vacation lessees access to the Lake and Reserve Strips, otherwise
16 made ALA membership a requirement for access, and arbitrarily imposed restrictions on RFID
17 cards and guest registered.

18 84. By banning vacation lessees and non-ALA member Arrowhead Woods
19 property owners from the Lake and Reserve Strips access and imposing other arbitrary
20 restrictions, the defendants did not act fairly or in good faith and thereby breached the covenant of
21 good faith and fair dealing.

22 85. By purporting to deny Lake and Reserve Strip access to Arrowhead Woods
23 property owners who are not members of the ALA, the defendants have not acted fairly or in
24 good faith and thereby breached the covenant of good faith and fair dealing.

25 86. By imposing rules that arbitrarily and unreasonably restrict the number of
26 RFID cards and require registration of guests, the defendants have not acted fairly or in good faith
27 and thereby breached the covenant of good faith and fair dealing.

28 87. By having deputizing the volunteer auxiliary patrol to harass Arrowhead

1 Woods property owners and their guests on the Lake and the Reserve Strips, the defendants have
2 not acted fairly or in good faith and thereby breached the covenant of good faith and fair dealing.

3 88. By erecting new and unnecessary fences and gates that unreasonably restrict
4 the access of Arrowhead Woods property owners, their lessees, and their guests to the Lake and
5 the Reserve Strips, the defendants have not acted fairly or in good faith and thereby breached the
6 covenant of good faith and fair dealing.

7 89. As a direct and proximate result of defendants' failure to act fairly and in good
8 faith, Plaintiffs have been and continued to be damaged in an amount in excess of the court's
9 jurisdictional threshold, and to be established by appropriate proof at trial.

10
11 **FOURTH CAUSE OF ACTION**

12 **Interference with Easement**

13 90. The allegations contained in the preceding paragraphs 1 through 89 are hereby
14 incorporated by reference as if fully set forth herein.

15 91. Plaintiffs have an easement that permits them, their lessees and house guests to
16 access and use the Lake located and land owned by the ALA for reasonable recreational purposes
17 and to use the Reserve Strips owned by the ALA for reasonable recreational purposes and ingress
18 and egress.

19 92. The ALA has a duty not to interfere unreasonably with Plaintiffs' easement
20 rights.

21 93. The defendants have unreasonably interfered with Plaintiffs' use and
22 enjoyment of their easement rights by (1) enacting a Bylaw that prohibits Plaintiffs' vacation
23 lessees from accessing the Lake and Reserve Strips and (2) imposing other arbitrary, unnecessary
24 and unreasonable barriers (including the requirement that guests be registered, restrictions on the
25 number of RFID cards issued, harassing patrols of property owners and their guests on the trails
26 and at the Lake, and new fences and gates) that unduly restrict Plaintiffs, their guests, and lessees
27 from accessing the Lake and Reserve Strips.

28 94. As a direct and proximate result of defendants' interference with Plaintiffs'

1 easement rights, Plaintiffs have been and continue to be damaged in an amount in excess of the
2 court's jurisdictional threshold, and to be established by appropriate proof at trial.

3 4 **FIFTH CAUSE OF ACTION**

5 **Declaratory Relief**

6 95. The allegations contained in the preceding paragraphs 1 through 94 are hereby
7 incorporated by reference as if fully set forth herein.

8 96. An actual controversy has arisen and now exists between Plaintiffs and the ALA
9 concerning their respective rights and obligations.

10 97. Plaintiffs contend that vacation lessees are "lessees and house guests" and that
11 therefore such vacation lessees are entitled to access the Lake and Reserve Strips for reasonable
12 recreation purposes as set forth in the '64 Agreement.

13 98. Plaintiffs further contend that Article II, Section C of the ALA Bylaws does not
14 and cannot constitute a "reasonable regulation[]" designed to promote the safety, health, comfort
15 and convenience of persons in or upon the Lake or in the vicinity" because it is grossly
16 overbroad, because it directly conflicts with the rights of Arrowhead Woods property owners to
17 grant their lessees and/or house guests access to the Lake and Reserve Strips and because it
18 imposes undue penalties on Arrowhead Woods property owners.

19 99. On that basis, Plaintiffs further contend that the ALA's Bylaws Article II, Section
20 C is void and unenforceable because Section C directly and unreasonably infringes upon and
21 interferes with the rights of Plaintiffs and other Arrowhead Woods property owners under the '64
22 Agreement to grant their vacation lessees (as their lessees and/or house guests) access to the Lake
23 and Reserve Strips for reasonable recreational purposes and for ingress and egress by foot.

24 100. Plaintiffs are informed and believe that the ALA contends that the ban on vacation
25 lessees somehow constitutes a "reasonable regulation[]" designed to promote the safety, health,
26 comfort and convenience of persons in or upon the Lake or in the vicinity." Plaintiffs dispute that
27 the ban is a reasonable regulation because it completely denies access, rather than regulating
28 access.

1 101. Plaintiffs are informed and believe that the ALA also contends that providing
2 vacation lessees access to the Lake and Reserve Strips constitutes "commercial or business
3 purposes." Plaintiffs dispute this contention on the ground that it is inconsistent with the 1964
4 Agreement's granting of lessees (which necessarily includes vacation rentals) right to access the
5 Lake and Reserve Strips for private park and reasonable recreational purposes and for ingress and
6 egress by foot.

7 102. Plaintiffs are informed and believe that the ALA contends that limiting access to
8 Arrowhead Woods property owners who are members of the ALA somehow constitutes a
9 "reasonable regulation[]" designed to promote the safety, health, comfort and convenience of
10 persons in or upon the Lake or in the vicinity." Plaintiffs dispute that the ban is a reasonable
11 regulation because it improperly seeks to require Arrowhead Woods property owners to pay for
12 property rights they already possess by law.

13 103. Plaintiffs are informed and believe that the ALA contends that the restrictions
14 placed on issuance of RFID card, guest registration requirement, new fences and gates, and
15 harassing patrols constitute "reasonable regulation[]" designed to promote the safety, health,
16 comfort and convenience of persons in or upon the Lake or in the vicinity." Plaintiffs dispute that
17 arbitrarily restricting the free access of Arrowhead Woods property owners, their lessees, and
18 their guests constitutes reasonable regulations. Defendants, therefore, do not have the authority
19 pursuant to the '64 Agreement to impose regulations that unduly impair Arrowhead Woods
20 property owners' access rights.

21 104. Plaintiffs desire a judicial determination of the parties' respective rights and duties,
22 and a declaration (a) that Article II, Section C of the ALA's Bylaws is void and unenforceable
23 insofar as it restricts Arrowhead Woods vacation lessees from accessing the Lake and Reserve
24 Strips as permitted by the '64 Agreement and imposes fines on Arrowhead Woods property
25 owners for the same; (b) that the ALA may not deny Lake and Reserve Strips access to
26 Arrowhead Woods property owners who are not members of the ALA; (c) that the ALA may not
27 restrict Arrowhead Woods property owners from extending access to the Lake and Reserve Strips
28 to their family members, their guests and their lessees by arbitrarily limiting the number of RFID

1 cards issued and requiring registration of guests; (d) that the ALA cannot stop and demand
2 identification of Arrowhead Woods property owners and their guests using the Reserve Strips and
3 the Lake; and (e) that the new fences and gates erected in 2020 are unreasonable obstructions to
4 Arrowhead Woods property owners' rights to access the Lake and Reserve Strips; and (f) that the
5 ALA may not in the future prohibit Arrowhead Woods vacation lessees from accessing the Lake
6 and Reserve Strips in violation of the '64 Agreement.

7 105. A judicial determination is necessary and appropriate at this time so that Plaintiffs
8 may ascertain their rights as Arrowhead Woods property owners with respect to the use and
9 enjoyment of the Lake and Reserve Strips and to avoid irreparable harm to Plaintiffs.

10 11 **SIXTH CAUSE OF ACTION**

12 **Injunctive Relief**

13 106. The allegations contained in the preceding paragraphs 1 through 105 are hereby
14 incorporated by reference as if fully set forth herein.

15 107. The '64 Agreement provides that three or more owners of Arrowhead Woods
16 property owners have the right to seek a preliminary injunction to enforce the easements and
17 servitudes contained therein. See Exhibit A, paragraph 4.

18 108. Article II, Section C of the ALA Bylaws interferes with Plaintiffs' easement and
19 servitude rights defined in paragraph 3 of the '64 Agreement.

20 109. As owners of Arrowhead Woods property, Plaintiffs invoke paragraph 4 of the '64
21 Agreement to enforce the easements and servitudes granted to Arrowhead Woods lessees and
22 house guests by respectfully requesting that the Court enjoin the ALA from enforcing Article II,
23 Section C of the ALA Bylaws.

24 110. As owners of Arrowhead Woods property, Plaintiffs also invoke paragraph 4 of
25 the '64 Agreement to enforce the easements and servitudes granted to Arrowhead Woods
26 property owners by respectfully requesting that the Court enjoin the ALA from enforcing any
27 rules that unreasonably restrict the access rights of property owners, their lessees, and their
28 guests.

1 111. As owners of Arrowhead Woods property, Plaintiffs further invoke paragraph 4 of
2 the '64 Agreement to enforce the easements and servitudes granted to Arrowhead Woods
3 property owners by respectfully requesting that the Court enjoin the ALA from enforcing any
4 rules that purport to limit Lake and Reserve Strip access to Arrowhead Woods property owners
5 who are members of the ALA.

6 112. Plaintiffs have no adequate remedy at law for the injuries they have suffered and
7 continued to suffer as a result of ALA's interference with and infringement upon their property
8 rights, and they require an injunction to avoid irreparable injury. Plaintiffs are, therefore, entitled
9 to injunctive relief under applicable law, including Code of Civil Procedure sections 526 and 731.
10

11 **SEVENTH CAUSE OF ACTION**

12 **Race and National Origin Discrimination**

13 113. The allegations contained in the preceding paragraphs 1 through 112 are hereby
14 incorporated by reference as if fully set forth herein.

15 114. The ALA's and the individual defendants' violations of the '64 Agreement clearly
16 lack any rational basis. That is because they are motivated not by rational argument or legal
17 justification, but by racial and national origin discrimination. That discrimination is evinced by
18 the use of code words and phrases like "Keep Lake Arrowhead private" and "white is the color of
19 purity," and by references to vacation lessees as "those people" in phrases like "we don't want
20 those people here." These phrases harken back to the years when such language was used to bar
21 certain racial and ethnic groups from restaurants, neighborhoods, clubs, buses and the like. The
22 discriminatory animus also manifests itself in other indirect but nonetheless insidious ways. The
23 ALA enforcement department regularly targets people of color for their enforcement efforts,
24 whether at its beach clubs or elsewhere in and around the lake. While the population of Lake
25 Arrowhead is nearly 90% white, the individuals detained by the ALA's enforcement group are
26 predominantly non-white. Enforcement officers of the ALA are unabashed in their bigotry,
27 regularly posting racially and ethnically insensitive comments on social media. The defendants
28 are fully aware of these incidents yet refuse to effectively address them, and in so doing ratify that

1 conduct.

2 115. The racial and national origin animus permeates the ALA:

3 a. Board members refer to Asian Americans as “those Orientals” and
4 disparage them for “bad driving.”

5 b. ALA enforcement personnel post photos of African-American vacation
6 lessees and describe them as “gang members.”

7 c. The ALA has been sued by an African-American family that was denied
8 access to the ALA beach club even before the recent vacation lessee ban.

9 d. At a pre-election ALA board candidate forum, one board member seeking
10 reelection referred to a known opponent of the ALA’s breaches of the ‘64 Agreement who
11 is ostensibly of middle eastern descent as a “terrorist,” not once, not twice but three times
12 in a single meeting.

13 e. As described above, the ALA’s enforcement personnel regularly target and
14 harass people of color who attempt to use the Lake and the Reserve Strips. The
15 defendants have done nothing to correct any of those ethnically biased insults and in so
16 doing have ratified that discriminatory conduct. To the contrary, the president of the ALA
17 Board, defendant Clifford, responded to notice of the filing of the original complaint in
18 this action during a heavily-attended ALA board meeting by describing the lawsuit as a
19 personal attack on and threat to defendants and their families, then threatening to hold
20 Plaintiffs accountable and inciting the ALA membership to rally behind the defendants
21 and endorse their actions.

22
23 **EIGHTH CAUSE OF ACTION**

24 **Gender Discrimination and Harassment**

25 116. The allegations contained in the preceding paragraphs 1 through 115 are hereby
26 incorporated by reference as if fully set forth herein.

27 117. The ALA’s and the individual defendants’ violation of the ‘64 Agreement are also
28 motivated by discriminatory animus toward women. When women have complained about

1 violations of the '64 Agreement and other ALA Bylaws, their complaints have been consistently
2 ignored. (All of the individual defendants are white males and most are over 50.)

3 118. Plaintiffs and other women have complained about verbal abuse by board
4 members, have complained about ALA Committee members' sexual harassment, about threats of
5 sexual and other violence and about gender-based election law violations, about gender-based
6 social media abuse by ALA committee members, including referring to a prominent board critic
7 as the "ice queen" and a pedophile. Another woman ALA member and Arrowhead Woods
8 property owner who complained about ALA abuses of property rights was sent a text by an ALA
9 board member threatening to rape her. The defendants have been notified of this harassment by
10 the victims, but defendants have taken no actions to reprimand or otherwise discipline the
11 harassers. Neither have they launched an investigation of the offenders or their conduct, thereby
12 in both ways ratifying their conduct. To the contrary, the president of the ALA Board, defendant
13 Clifford, responded to notice of the filing of the original complaint in this action during a heavily-
14 attended ALA board meeting by describing the lawsuit as a personal attack on and threat to
15 defendants and their families, then threatening to hold plaintiffs accountable and inciting the ALA
16 membership to rally behind the defendants and endorse their actions.

17 119. The victims of these abusers, including Plaintiffs, have suffered emotional distress,
18 including fear for their safety, intimidation, and other symptoms. This campaign of harassment
19 and intimidation is part and parcel of the defendants' plan to blatantly violate the '64 Agreement
20 and then to silence any and all dissent, particularly from women. Women's complaints are
21 routinely ignored, routinely dismissed without investigation as "unfounded," and even disclosed
22 to the subjects of the complaints without investigation. Those unauthorized disclosures have
23 resulted in further harassment of the complainants by the subjects of the complaint, which
24 harassment has also been disregarded and even been aided and abetted by defendants. To be
25 clear, defendants have not only fully aided and abetted those abusers (and in some cases were
26 themselves the abusers), they have taken no disciplinary action against the offenders, choosing to
27 protect the offenders and themselves with a code of silence.

28 120. Defendants have even gone so far as to encourage and support harassing litigation

1 against those who have complained about their actions, providing them with documents and other
2 support. They have even provided legal counsel for the harassers, by having lawyers from the
3 ALA Board's own general counsel's law firm represent the plaintiff harassers in that harassing
4 litigation. Neither the Board's General Counsel nor his firm co-counsel perceive any conflict of
5 interest in representing both the ALA and those individually accused of harassment and other
6 wrongdoing. That fact alone boldly confirms the alliance between the ALA, the board member
7 defendants and the accused harassers.

NINTHCAUSEOFACTION

Retaliation in Violation of Public Policy

11 121. The allegations contained in the preceding paragraphs 1 through 120 are hereby
12 incorporated by reference as if fully set forth herein.

13 122. Plaintiffs have asserted their rights as Arrowhead Woods property owners under
14 the '64 Agreement in multiple hearings before the defendants. The defendants have not only
15 ignored the Plaintiffs' assertions, they have also retaliated against them in the most vile ways,
16 repeatedly harassing them and attempting to bully and intimidate them. After the terrorist epithet
17 described above, Defendant Hall drove to Karakaya's home after the meeting, pulled into her
18 driveway and made menacing gestures toward Karakaya's significant other. Karakaya and her
19 significant other were sufficiently alarmed by this assault that they filed a police report.
20 Karakaya also reported the incident confidentially to defendants Clifford and Mattison, but they
21 took no action to address that retaliatory act. Instead, they provided the confidential complaint to
22 Hall, who then further retaliated against Karakaya by filing a baseless defamation lawsuit against
23 her.

24 123. Hall has also sought to retaliate against Karakaya and other Arrowhead Woods
25 property owners for daring to complain about defendants' acts. In another public meeting, Hall
26 again tried to embarrass and humiliate Karakaya in retaliation for her asserting her property rights
27 by stating to her in that meeting "nice rack."

28 124. Hall has also threatened to rape another Arrowhead Woods property owner in

1 retaliation for complaining about the board's violations of property rights.

2 125. Plaintiffs Jackie McKinley and Christopher Lee have also been retaliated against
3 for asserting their contractual and property rights and for questioning defendants' discriminatory
4 motivations. They have been targeted for a disciplinary hearing for alleged violations of
5 defendants' unlawful and discriminatory bans on use of the Lake and Reserve Strips by Plaintiffs
6 and others and have been denied their due process rights in connection with the hearing and have
7 been expelled from the ALA.

8 126. These retaliatory acts and more have been brought to defendants' attention, but
9 defendants have undertaken no investigation of them and have not reprimanded, disciplined or
10 otherwise expressed their disapproval of these retaliatory acts, thereby ratifying and endorsing
11 them.

12 127. In fact, defendants' retaliatory acts are so widespread and insidious that the ALA's
13 own general counsel's law firm also represents defendant Hall in his retaliatory lawsuits against
14 Karakaya and other Arrowhead Woods property owners who have complained about defendants'
15 unlawful acts.

16 128. ALA committee members, who are appointed by defendants and friends and
17 associates of Hall and other defendants, have further retaliated against Karakaya on social media
18 by repeatedly referring to her as "the Ice Queen" falsely accusing her of being a pedophile. Some
19 of these same individuals further harass Karakaya by regularly driving past her house and
20 honking their horns and submitting photos of her home to the local newspapers to encourage
21 further harassment. Again, these retaliatory acts have been brought to defendants' attention, but
22 they have taken no meaningful acts in response, even ignoring cease and desist letters, thereby
23 ratifying and endorsing those heinous retaliatory acts. To the contrary, the president of the ALA
24 Board, defendant Clifford, responded to notice of the filing of the original complaint in this action
25 during a heavily-attended ALA board meeting by describing the lawsuit as a personal attack on
26 and threat to defendants and their families, then threatening to hold plaintiffs accountable and
27 inciting the ALA membership to rally behind the defendants and endorse their actions.

28

TENTH CAUSE OF ACTION

Private Nuisance

129. The allegations contained in the preceding paragraphs 1 through 128 are hereby incorporated by reference as if fully set forth herein.

130. At all relevant times, Plaintiffs were the owners of all rights, title and interest in their respective Arrowhead Woods properties.

131. Pursuant to the '64 Agreement, Plaintiffs' respective property rights include an easement granting them, their lessees, and house guests access to the Lake and Reserve Strips for private park and reasonable recreational purposes and for ingress and egress by foot.

132. The ALA's arbitrary restrictions on the issuance of RFID cards and registration of guests deprive Plaintiffs of their reasonable use and enjoyment of their easement rights and unlawfully obstruct their access to the Lake and Reserve Strips. So too do the harassing, discriminatory and retaliatory acts of Defendants described herein.

133. Section C of the ALA's Bylaws prohibiting Plaintiffs' vacation lessees from accessing the Lake and Reserve Strips interferes with and deprives Plaintiffs of their reasonable use and enjoyment of their easement right and unlawfully obstructs their access to the Lake and the Reserve Strips.

134. The ALA's arbitrary restrictions on the issuance of RFID cards and registration of guests deprive Plaintiffs of their reasonable use and enjoyment of their easement rights and unlawfully obstruct their access to the Lake and Reserve Strips.

135. A reasonable person would be annoyed or disturbed by the ALA's interference with Plaintiffs' use and enjoyment of their property rights.

136. Plaintiffs did not consent to the ALA's conduct.

137. Plaintiffs have been and continue to be harmed by the ALA interference and infringement upon their easement rights.

138. The ALA's conduct is the sole factor in causing interference and infringement upon their easement rights.

139. The seriousness of the harm to Plaintiffs' property rights outweighs any public

benefit of the ALA's prohibition of access to the Lake and Reserve Strips.

140. Plaintiffs have no adequate remedy at law for the injuries they have suffered and continue to suffer as a result of the ALA's interference with Arrowhead Woods property owners' quiet use and enjoyment of their property rights as they extend to their lessees and guests. Plaintiffs are, therefore, entitled to injunctive relief under applicable law, including Code of Civil Procedure sections 526 and 731.

ELEVENTH CAUSE OF ACTION

Public Nuisance

141. The allegations contained in the preceding paragraphs 1 through 139 are hereby incorporated by reference as if fully set forth herein.

142. The ALA's arbitrary restrictions on the issuance of RFID cards and registration of guests obstruct Plaintiffs' and the entire Arrowhead Woods community's free use of their respective properties. So too do the harassing, discriminatory and retaliatory acts described herein.

143. The ALA's adoption of a broad prohibition of vacation lessees of Arrowhead Woods property owners' has obstructed Plaintiffs' and the entire Arrowhead Woods community's free use of their respective properties.

144. A reasonable person would be annoyed by the ALA depriving property owners of free use of their property rights.

145. The ALA's lessee/guest ban and arbitrary restrictions on guests offer little, if any, social utility. To the contrary, the vacation lessee/guest ban prohibits lawful use of private property.

146. Plaintiffs voted against the vacation lessee/guest ban and therefore did not consent.

147. Plaintiffs did not consent to limiting the number of RFID cards issued or guests registered or other restrictions on them, their guests and/or their lessees or to being harassed, discriminated against or retaliated against.

148. Plaintiffs have suffered harm because the lessee/guest ban and arbitrary

1 restrictions on the number of RFID cards and guests, and the harassment discrimination and
2 retaliation they have experienced, deprive them of their right under the '64 Agreement to extend
3 Lake and Reserve Strip access to their lessees and thereby, unlawfully infringes upon Plaintiffs'
4 easement rights.

5 149. The ALA's adoption of the lessee/guest ban and arbitrary restrictions on the
6 number of RFID cards and guests registered, and the harassment discrimination and retaliation
7 they have experienced, are the cause of Plaintiffs' harm.

8 150. Plaintiffs have no adequate remedy at law for the injuries they have suffered and
9 continue to suffer as a result of the ALA's interference with their rights as Arrowhead Woods
10 property owners to quiet use and enjoyment of their property rights, including, as they extend to
11 their lessees and guests. Plaintiffs are, therefore, entitled to injunctive relief under applicable law,
12 including Code of Civil Procedure sections 526 and 731.

13
14 **PRAYER FOR RELIEF**

15 WHEREFORE, Plaintiffs pray for judgment and relief against Defendant in an amount to
16 be determined at trial plus attorney fees, costs and interest as follows:

17 I. That the Court grant Plaintiffs declaratory relief finding as follows:

18 a. Article II, Section C of the ALA's Bylaws is void and unenforceable
19 insofar as it restricts Arrowhead Woods vacation lessees from accessing the Lake and
20 Reserve Strips as permitted by paragraph 3 of the 1964 Agreement and imposes fines on
21 Arrowhead Woods property owners for the same.

22 b. The ALA may not in the future prohibit Arrowhead Woods vacation
23 lessees from accessing the Lake and Reserve Strips as permitted by paragraph 3 of the '64
24 Agreement;

25 c. The ALA may not deny Lake and Reserve Strip access to Arrowhead
26 Woods property owners who are not members of the ALA.

27 d. The ALA may not interfere with Arrowhead Woods property owners'
28 rights by arbitrarily limiting the number of RFID cards issued and requiring registration of

1 guests.

2 e. The ALA cannot stop and demand identification of Arrowhead Woods
3 property owners and their guests and lessees from using the Reserve Strips and the Lake;
4 and

5 f. The new fences and gates erected in 2020 and 2021 are unreasonable
6 obstructions to Arrowhead Woods property owners' and their guests' and lessees' rights
7 to access the Lake and Reserve Strips and must be removed.

8 2. If the foregoing declaratory relief is denied on the basis that Arrowhead Woods
9 vacation lessees do not have access rights pursuant to the paragraph 3 of the 1964 Agreement, in
10 the alternative, that the Court grant declaratory relief finding as follows: Plaintiffs and their
11 vacation lessees are entitled to a prescriptive easement to use the Lake for reasonable recreational
12 purposes and the Reserve Strips for reasonable recreational purposes and ingress and egress.

13 3. That the ALA be enjoined from:

14 a. Enforcing Article II, Section C or any other regulation prohibiting
15 Arrowhead Woods' guests and lessees from accessing the Lake and the Reserve Strips as
16 permitted by paragraph 3 of the '64 Agreement;

17 b. Restricting Arrowhead Woods property owners, their guests and their
18 lessees who are not members of the ALA from accessing the Reserve Strips and the Lake
19 as permitted by paragraph 3 of the '64 Agreement;

20 c. Enforcing rules that violate paragraph 3 of the '64 Agreement by
21 unreasonably and arbitrarily limiting the number of RFID cards issued to Arrowhead
22 Woods property owners;

23 d. Enforcing rules that violate paragraph 3 of the '64 Agreement by
24 unreasonably requiring Arrowhead Woods property owners to register their guests by
25 name;

26 e. Permitting ALA enforcement personnel to stop and demand that
27 Arrowhead Woods property owners, their lessees, and their guests provide identification;
28 and

1 f. Erecting any new fences or gates restricting access to the Lake and the
2 Reserve Strips.

3 4. That the ALA be required to remove all new fences and gates and RFID access
4 devices erected in 2020 and 2021.

5 5. For damages in an amount to be determined at trial;

6 6. For all reasonable costs allowable by law, including staff time, court costs, experts'
7 fees and other related expenses;

8 7. For reasonable attorneys' fees; and

9 8. For such other and further relief as the Court deems just and proper.

10 Dated: September 2, 2021

ARENT FOX LLP

11
12
13 By: 

14 JOHN P. ZAIMES
15 SARA T. SCHNEIDER
16 Attorneys for Plaintiffs
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EXHIBIT A

Agreement of Settlement and Compromise

BETWEEN

**ARROWHEAD WOODS PROPERTY OWNERS
ASSOCIATION, ET AL**

AND

LAKE ARROWHEAD DEVELOPMENT CO., ET AL

DATED: AUGUST 27, 1964

**Recorded:
October 29, 1964
Book 6262, Page 1
San Bernardino, California**

AGREEMENT OF SETTLEMENT AND COMPROMISE

THIS AGREEMENT OF SETTLEMENT AND COMPROMISE made and entered into in duplicate as of this 22nd day of August, 1964, by and between ARROWHEAD WOODS PROPERTY OWNERS ASSOCIATION, sometimes hereinafter referred to as the "Association", SIDNEY B. BISNO, JUNE B. BISNO, JOHN CHRISTOPH MOLLER, JR., ELIZABETH YVONNE MOLLER, and LOUIS L. PURMORT, herein jointly known as "plaintiffs" and LAKE ARROWHEAD DEVELOPMENT CO., a California corporation, sometimes hereinafter referred to as "Development Co.", and ARROWHEAD MUTUAL SERVICE CO., a California corporation, sometimes hereinafter referred to as "Service Co.", and jointly as "defendants";

WITNESSETH, that:

WHEREAS, plaintiffs filed an action against the defendants in the Superior Court of the State of California, in and for the County of San Bernardino, being No. 112002 in the records of said Court, and

WHEREAS, the purpose of said action is to establish the right of property owners in Arrowhead Woods, as hereinafter defined, to certificates of membership in the defendant Service Co., to impress a trust on certain lands owned by Service Co. which are referred to as the reserve strips and the reserve strip additions and are hereinafter defined, and on certain rights owned by Service Co. in Lake Arrowhead, hereinafter referred to as the "Lake", which is owned by the defendant Development Co., and for declaratory relief and for an accounting, and the parties now desire to settle and compromise said action, to dismiss the same, and exchange mutual releases, and

WHEREAS, it is the desire of all of the parties by this agreement to determine and establish certain rights in the plaintiffs and in other property owners of lands in Arrowhead Woods in the reserve strips, the reserve strip additions, and in the Lake, all pursuant to the terms of this agreement,

NOW, THEREFORE, the parties agree as follows:

1. The term "Arrowhead Woods" means lands in the County of San Bernardino, State of California, situate in Township 2 North, Range 3 West, San Bernardino Base and Meridian, lying within the boundaries shown upon the map which is attached hereto marked "Exhibit 1". Said Exhibit 1, and Exhibit 2 which are attached hereto are hereby referred to and incorporated in this agreement.

2. "Reserve strips" are certain strips of land bordering the major portion of the Lake and lying within the contour lines 5,122 feet above sea level to 5,132 feet above sea level as herein defined, and "reserve strip additions" are certain strips of land bordering the major portion of the Lake and lying within the contour lines 5,100 feet above sea level to 5,122 feet above sea level, all as more particularly described in the deeds listed on Exhibit 2 under the heading "Reserve Strip and Reserve Strip Addition Deeds". Said reserve strips and said reserve strip additions are now and shall remain subject to the servitudes imposed thereon by the terms of the respective deeds listed in said Exhibit 2, and are collectively hereinafter called the "strips".

3. Development Co. and Service Co. hereby grant without warranty express or implied to all owners of lots in Arrowhead Woods which at any time heretofore have been owned by Service Co., Development Co., Los Angeles Turf Club, Inc., Arrowhead Lake Corporation or Arrowhead Lake Company, and to the successors and assigns of such owners, and subject to all recorded conditions, restrictions and reservations, the following non-exclusive rights, easements and servitudes in,

over, upon and with respect to the reserve strips and reserve strip additions, and the Lake, viz:

(a) The right for themselves, their lessees and house guests to use the strips for private park and reasonable recreational purposes, and for ingress and egress by foot travel, but not for commercial or business purposes;

(b) The right to have the strips be and remain free of any noxious thing and of any trade or business kept, maintained or permitted upon said premises; nor shall any livestock of any kind, including live poultry, be kept, permitted or maintained upon the strips.

(c) The right for themselves, their lessees and house guests to use the Lake for reasonable recreational purposes, including but not limited to boating, fishing, swimming and bathing, but not for business or commercial purposes, and subject to the rights expressed in paragraph 6 of this instrument, and the right in Development Co. and Service Co. or either of them to promulgate and enforce reasonable regulations designed to promote the safety, health, comfort and convenience of persons in or upon the Lake or in the vicinity thereof with respect to the conduct of such activities.

4. Any act or omission inconsistent with said easements and servitudes or any of them and any violation or breach of any right, condition and/or restriction expressed herein may be prevented by injunction and such remedy may be availed of by not less than three owners of lots or portions of lots in Arrowhead Woods. The remedies herein contained shall be cumulative and one shall not be exclusive of the other.

5. Development Co. and Service Co., or either of them shall not increase the height of the dam (which created the Lake) above its present height, nor voluntarily impound water in the Lake to an elevation in excess of 5,108 feet above sea level as herein defined, unless in either case, such act shall be required by Governmental order or regulation.

The term "Sea Level" shall be and shall be construed to be that certain datum plane or point which is 5,122 feet below the level of that certain bench mark which is the top of a two-inch iron pipe situate vertically in a concrete block located 56 feet due South of the corner common to Sections 15, 16, 21 and 22 in Township 2 North, Range 3 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California.

6. Development Co. and Service Co. or either of them are entitled to charge lot owners reasonable fees for permitting piers and docks to be located and kept on the strips or any of them and/or the Lake and are also entitled to charge reasonable fees for licensing of boats to be used on the Lake and for rental slips; and license agreements hereafter entered into between the parties covering boat or dock licenses shall be consistent with the terms of this Agreement.

7. As used herein, the term "slip" shall mean space on a dock or pier adapted to the mooring of one boat while such boat is floating on the Lake.

On December 31, 1961 there were approximately 835 slips on the Lake, in addition to slips used or held for rental of boats to the public. Development Co. and/or Service Co. shall never permit the total number of slips on the Lake at any one time to increase over 1,285 (835 + 450) except that such number may be increased by the aggregate of the following:

(a) One slip for each lake front lot in Arrowhead Woods which was owned by Development Co. on January 1, 1962, whether then or thereafter subdivided, and for the purposes of this paragraph all lots on the "Peninsula" described on Exhibit 2 shall also be deemed to be lake front lots.

(b) 15% of the number of other lots in Arrowhead Woods contracted to be sold by Development Co. after January 1, 1962.

(c) Any slips in front of "Hamiltair" Subdivision.

(d) Each owner of a lot in Arrowhead Woods purchased by him or his predecessor prior to January 1, 1962, who did not on December 31, 1961, have a dock or pier, and whose lot at the time of application for a dock and/or pier shall be improved with a residence, may hereafter at the option of Development Co. and Service Co. be allowed one slip, or with the approval of the Association when deemed equitable and for the best interests of the community, more than one slip.

8. A large number of owners of lots in Arrowhead Woods have built residences on such lots. Such lots so improved with residences are herein called "Improved lots". Many of the owners of improved lots now have docks on the Lake and in some cases also piers and appurtenances on the strips.

Each owner of such improved lot who now has a dock upon the Lake and/or a pier upon the strips or any of them shall have the right to continue to have such dock and/or pier, together with appurtenances upon the Lake and strips and may transfer such right to a bona fide purchaser of such improved lot subject to the right of Development Co. and/or Service Co. to require the relocation and/or alteration thereof or substitution, as herein provided, when reasonably necessary for improvement of docking facilities on or access to the Lake, provided, further, that the Development Co. and/or the Service Co. shall, except in the case of piers or docks for Lake front lots, have the right to require the substitution of a slip or slips in a multiple-slip dock or marina in lieu of any then existing dock and/or pier.

Such right of alteration and/or relocation or substitution shall not be exercised before January 1, 1970, and shall not be arbitrarily required. Any such alteration and/or relocation or substitution shall be made to a location or facility as close to the dock location now existing as is practicable.

In case the Development Co. requires substitution of a slip or slips in a marina or multiple-slip dock for a private dock, the Development Co. upon transfer of the private dock to it will pay to the owner the cost thereof less ten (10%) percent of such cost for each year since the date of construction of such dock.

Any owner of a lot in Arrowhead Woods whose pier or dock now existing would be affected by any such proposed substitution shall have the right to have determined by arbitration (as hereinafter provided) any or all of the following:

(a) whether such substitution is reasonably necessary for improvement of docking facilities on or access to the Lake; and

(b) whether the substitution proposed is to a location or facility as close to the existing dock location as is practicable.

Such substitution is hereby agreed to be reasonably necessary, and such necessity shall not be arbitrated as to marinas or multiple-slip docks which shall be installed after January 1, 1970 in the locations marked "1", "2", "3" and "4" shown on Exhibit 3 attached hereto.

The decision of the arbitrators shall be final, and if such decision is in the negative as to any of the arbitrated questions, the proposed substitution shall not be made.

The right of a lot owner, or group of lot owners, as herein-after set forth, to have the matter submitted to arbitration shall be exercised by the lot owner or group of lot owners requesting the same and giving the name and address of an arbitrator requested by him or them. The Development Co. or the Service Co. shall thereafter notify the lot owner, or group of lot owners, of the name and address of an arbitrator desired by it. The two arbitrators so selected shall select a third arbitrator between them. In the event they are unable to do so the matter shall be presented to the American Arbitration Association who shall select a third arbitrator. The vote of any two of the three arbitrators shall be sufficient for an award.

In the event the Development Co. or Service Co. requires simultaneously the substitution affecting a group of two or more existing docks, there will be with respect to said substitution only one arbitration proceeding as hereinabove provided.

Any such lot owner or purchaser as a condition to the exercise of such rights shall pay such reasonable fee and execute such reasonable application and permit as may then be generally required by the Development Co. and/or Service Co. for the maintenance of docks, piers and appurtenances on the Lake and strips.

Any pier or dock hereafter installed on the reserve strip additions shall be so located as to preserve at the 5,100 foot elevation a clear separation of at least 8 feet between such pier or dock and any pier or dock existing on January 1, 1962, unless otherwise agreed between the parties directly affected.

9. No person, except by agreement of the Association and the Development Co. will in the future be permitted to have a dock or boat on the Lake, or pier on the reserve strip additions who is not the owner of improved residential property in Arrowhead Woods, but this paragraph shall not apply to rental boats (450 maximum), to boats used in law enforcement or the enforcement of said regulations, nor to excursion boats or work boats, nor to boats entered in sanctioned boating events on the Lake, nor boats (not exceeding 50 in number at any time) specially authorized by Development Co. to use the Lake. Subject to the provisions of Paragraph 7 nothing in this agreement contained shall effect any right of present or future owners of unimproved lots in Arrowhead Woods to put boats on the Lake on a daily basis, or to rent slips on an availability basis, nor preclude the exercise of such rights.

Buyers of lots sold in that portion of Arrowhead Woods known as "Grass Valley" will not be given the right by Development Co. or Service Co. to own piers or docks on the Lake, but may be given the right, subject to compliance with paragraphs 7 and 9 of this agreement to rent slips in multiple-slip marinas.

10. At the present time it is uncertain as to many roads in Arrowhead Woods whether they are or are not public roads. Development Co. and Service Co. shall diligently proceed in cooperation with the County of San Bernardino to determine which roads in Arrowhead Woods are public, and shall conclude

such determination within six months after date of this agreement. As to such roads which are not presently public roads, Development Co. and Service Co. shall offer to the County of San Bernardino to dedicate to public use such of said roads as are owned by Development Co. and Service Co. or either of them, and shall so dedicate such of said roads as said County will accept.

11. At the present time, title to the trees and other shrubs on lots in Arrowhead Woods is vested in Service Co. Within one year from date, Service Co. will quitclaim the trees and shrubs on any lot in Arrowhead Woods to the owners of such lot who request such conveyance and tender the cost of recording said quitclaim. Such quitclaim shall be subject only to an express provision that the property owner will not cut down, remove or alter any living tree unless first approved by an architectural committee appointed by Service Co. The Association shall have the right to appoint and maintain one member on such committee.

12. The Association shall have the right to select and maintain, at all times, two members on the Board of Directors of the Service Company. The Service Company may now, or at any time hereafter, increase the total number of directors, and this right shall be without restriction or limitation. No such increase in the total membership of the Board of Directors shall entitle the Association to any greater representation on the Board than the two members, as hereinabove stated.

13. Development Co. is and shall be only permitted to voluntarily and intentionally reduce the level of Lake Arrowhead below 5,100 feet above sea level for certain restricted purposes under the reserve strip addition deeds and specifically, it is not permitted when the surface level of the Lake is below 5,100 feet, to use such water for any purpose other than domestic use in Arrowhead Woods and for fire protection in Arrowhead Woods or the adjoining mountain areas, but the parties agree that Development Co. may, when the level of the Lake is below 5,100 feet above sea level, also use the waters of the Lake for

watering the golf course located in Grass Valley so long as the amount of water so used for said golf course does not exceed 250 acre feet during any one calendar year (which is approximately 4 inches of water off the surface of the Lake at 5,100 feet elevation). Development Co. agrees to accurately meter all non-domestic water and annually furnish the Association on or before March first of each year with a certified copy of its records for the previous calendar year showing the amount of such non-domestic water so used in such year.

14. The action shall be dismissed with prejudice upon recordation of this agreement and the attorneys for the respective parties are authorized and directed to so dismiss the action upon such recordation. Such dismissal shall not preclude future enforcement of the provisions of this agreement.

It is the intent of the parties in entering into this agreement to settle specifically all disputes which have resulted in the filing of said action, and all disputes that now exist between them pertaining to the strips or the Lake, or pertaining to membership in Service Co.

In connection with the settlement of such disputes Development Co. and Service Co. expressly agree that in the placing of locations for new piers or docks or in exercising their rights under paragraph 8 requesting the alteration and/or relocation or substitution of docks or dock space, they will fairly and equitably exercise such rights and will not be biased or prejudiced against a lot owner because he may be one of the plaintiffs in said action or because he is now or may at one time have been or may in the future become a member, director or officer of the Association.

15. This agreement is to be binding upon and inure to the benefit of the successors, lessees and assigns of the parties hereto and it is the intention of the parties hereto that this agreement should be recorded so as to constitute notice to any buyer of property within the exterior boundaries of Arrowhead Woods, including the strips and the Lake.

16. This agreement may be amended at any time or times by a written agreement executed by Development Co., Service Co. and the Association and recorded in the office of the County Recorder of San Bernardino County, California.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first hereinabove written.

LAKE ARROWHEAD DEVELOPMENT CO.

(SEAL)

By: A. M. POWELL, Vice-President
And: E. C. MOWER, Secretary
"Development Co."

ARROWHEAD MUTUAL SERVICE CO.

(SEAL)

By: A. M. POWELL, Vice-President
And: E. C. MOWER, Secretary
"Service Co."
"DEFENDANTS"

ARROWHEAD WOODS PROPERTY
OWNERS ASSOCIATION

(SEAL)

By: ORRIN W. FOX, President
And: WILLA HODGES, Secretary
"Association"

SIDNEY B. BISNO

(Sidney B. Bisno)

JUNE B. BISNO

(June B. Bisno)

JOHN CHRISTOPH MOELLER, JR.

(John Christoph Moeller, Jr.)

ELIZABETH YVONNE MOELLER

(Elizabeth Yvonne Moeller)

LOUIS E. PURMORT

(Louis E. Purmort)

"PLAINTIFFS"

• 10 •

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 1, 1964, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared A. M. POWELL, known to me to be the Vice-President, and E. C. MOWER, known to me to be the Secretary of LAKE ARROWHEAD DEVELOPMENT CO., the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and Official Seal.

FLORENCE G. SMITH
Notary Public in and for said
County and State

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 1, 1964, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared A. M. POWELL, known to me to be the Vice-President, and E. C. MOWER, known to me to be the Secretary of ARROWHEAD MUTUAL SERVICE CO., the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and Official Seal.

FLORENCE G. SMITH
Notary Public in and for said
County and State

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 14, 1964, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared ORRIN W. FOX, known to me to be the President of the ARROWHEAD WOODS PROPERTY OWNERS ASSOCIATION, the Corporation that executed the within instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and Official Seal.

J. C. DEMEL
Notary Public in and for said
County and State

STATE OF CALIFORNIA }
County of San Bernardino } ss.

On October 13, 1964, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared known to me to be the President, and WILLA HODGES, known to me to be the Secretary of ARROWHEAD WOODS PROPERTY OWNERS ASSN. the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and Official Seal.

MARGARET FITZPATRICK
Notary Public in and for said
County and State
My Commission Expires 9-3-67

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 21, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared SIDNEY B. BISNO, known to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and Official Seal.

ROBERT W. STEWART
Notary Public in and for said State
My Commission Expires 2-5-66.

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 21, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared JUNE B. BISNO, known to me, to be the person whose name is subscribed to the within Instrument, and acknowledged to me that she executed the same.

WITNESS my hand and Official Seal.

ROBERT W. STEWART
Notary Public in and for said State
My Commission Expires 2-5-66.

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 26, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared JOHN CHRISTOPH MOELLER, JR., known to me, to be the person whose name is subscribed to the within Instrument, and acknowledged to me that he executed the same.

WITNESS my hand and Official Seal.

EVELYN DAHL
Notary Public in and for said State
My Commission Expires 12-23-67.

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 26, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared ELIZABETH YVONNE MOELLER, known to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

WITNESS my hand and Official Seal.

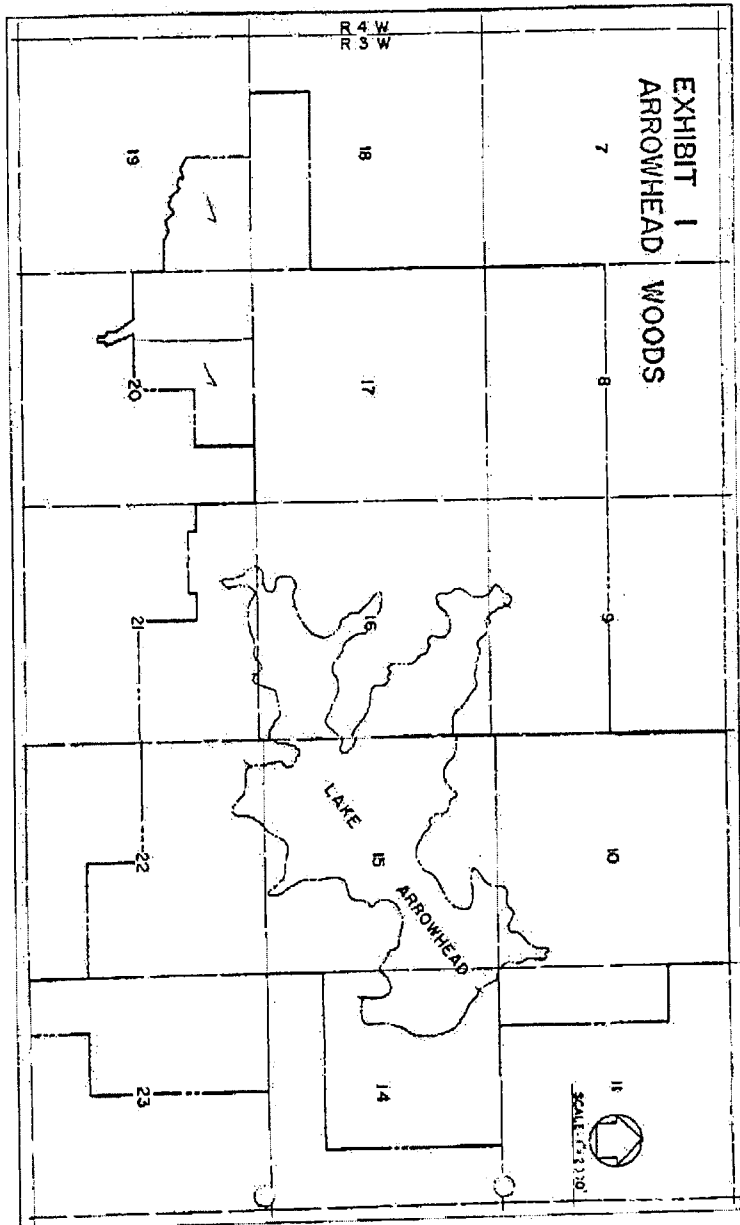
EVELYN DAHL
Notary Public in and for said State
My Commission Expires 12-23-67.

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 22, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared LOUIS E. PURMORT, known to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and Official Seal.

KATHERINE R. McMAHON
Notary Public in and for said State.
My Commission Expires 6-12-68.



RESERVE STRIP AND RESERVE STRIP ADDITION DEEDS

(References are to Books and Pages of Official Records in the Office of the County Recorder of San Bernardino County, California).

<u>Relating to Tract</u>	<u>Deed Recorded</u>	<u>In Book</u>	<u>At Page</u>
5	April 19, 1932	796	279
6	April 19, 1932	810	217
7	April 19, 1932	810	222
50	April 19, 1932	798	150
51	April 19, 1932	798	155
55	April 19, 1932	811	86
71	April 19, 1932	811	93
2499	April 4, 1936	1129	292
2481			
15	Oct. 21, 1937	1241	21
2487			
2283	Jan. 13, 1938	1252	194
74			
2486			
2283	Jan. 13, 1938	1251	208
75			
56	Nov. 4, 1938	1300	395
77	Dec. 14, 1938	1307	147

RESERVE STRIP ADDITION DEEDS

55	Nov. 18, 1938	1319	11
6	Nov. 18, 1938	1309	343
7	Nov. 18, 1938	1305	469
56	Nov. 18, 1938	1319	17
74	Nov. 18, 1938	1317	179
71	Nov. 18, 1938	1308	412
50	Nov. 18, 1938	1318	31
15	Nov. 18, 1938	1312	153
5	Nov. 18, 1938	1308	420
11 & 12	Nov. 18, 1938	1317	195
75	Nov. 18, 1938	1305	484
51	Nov. 18, 1938	1309	348
77	Dec. 21, 1938	1323	132

• 17 •

"EXHIBIT 2"

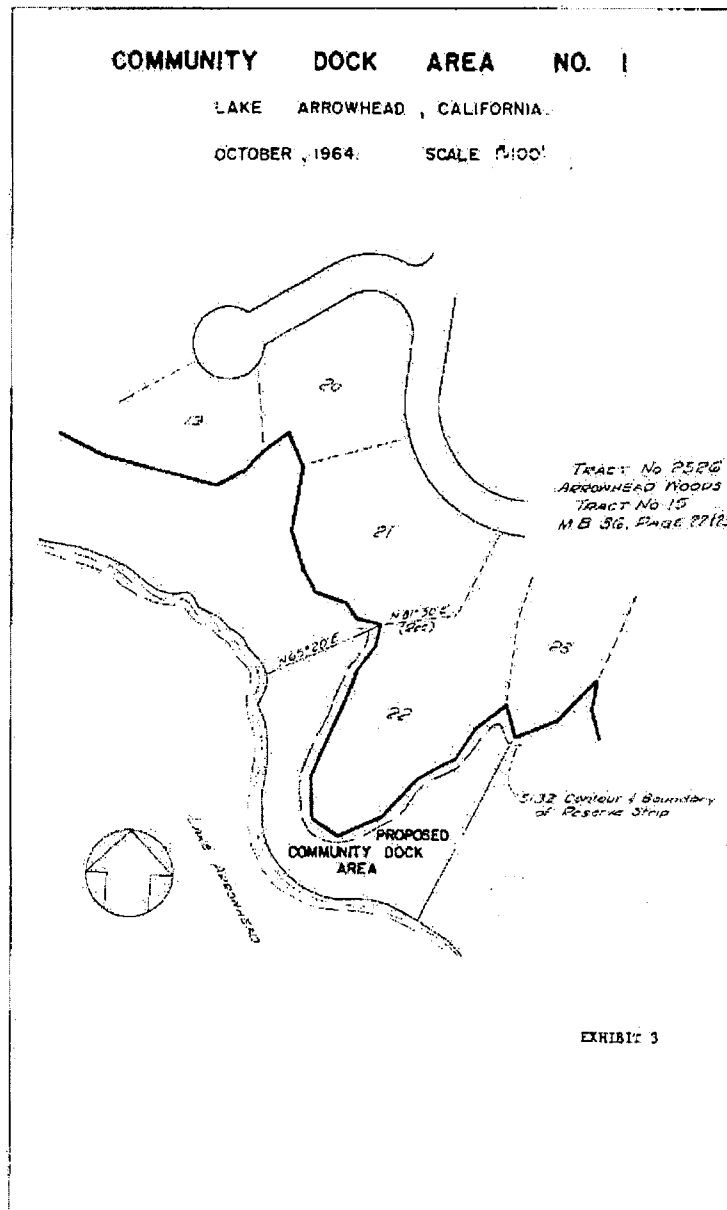
DESCRIPTION OF PENINSULA

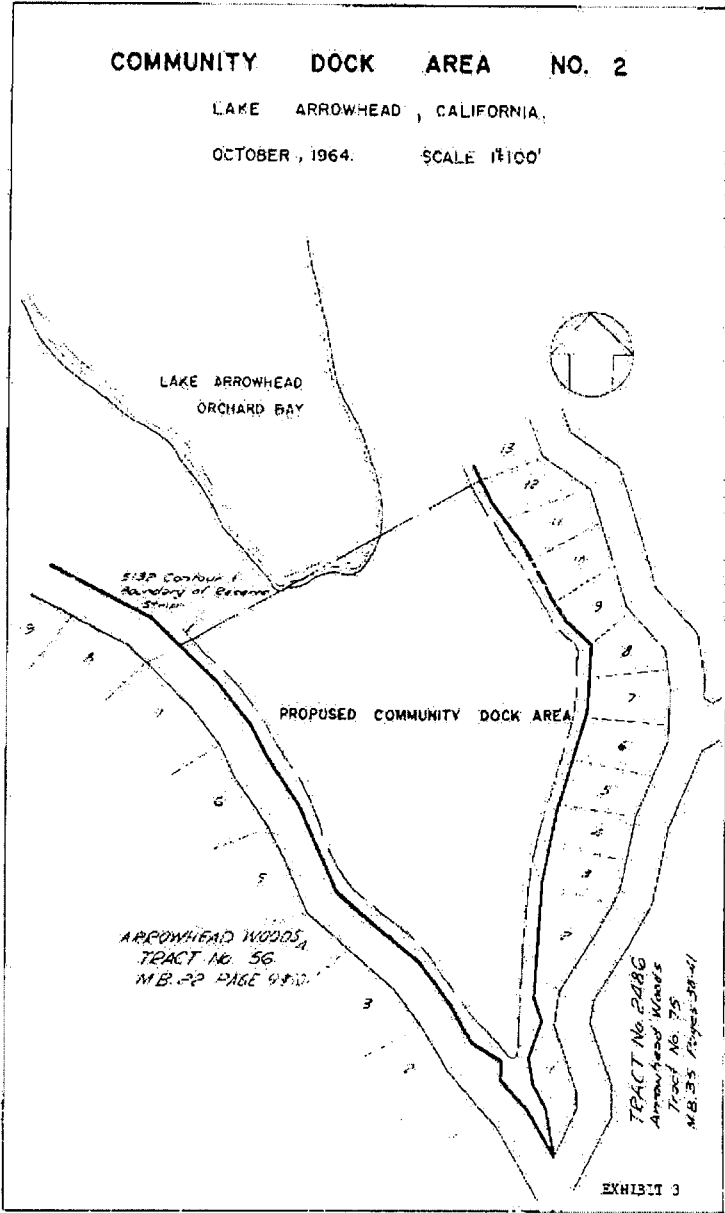
That certain real property in the County of San Bernardino, State of California, described as follows:

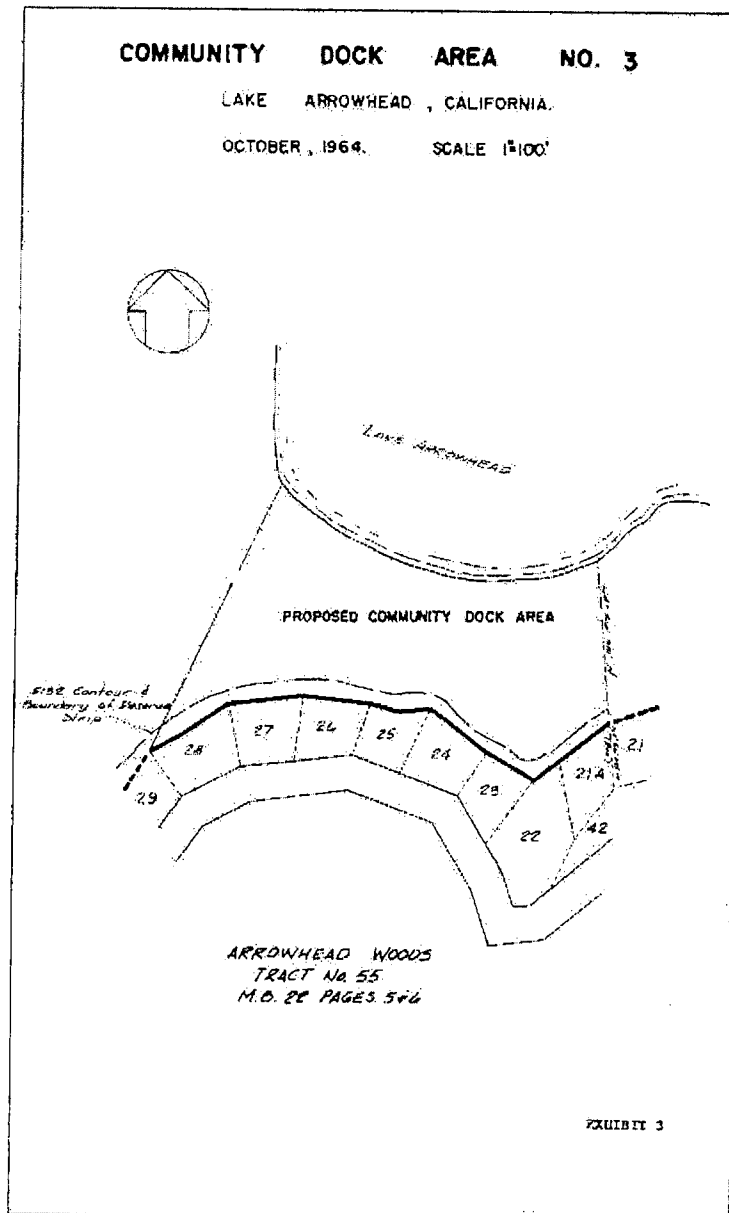
All that portion of Sections 15 and 16, Township 2 North, Range 3 West, SAN BERNARDINO BASE AND MERIDIAN, according to United States Government Survey, lying Easterly of the following described lines and the Northerly projection of the Northernmost course of said lines, viz:

BEGINNING at the most Northwesterly corner of that certain Private Beach Lease Area as the same is shown upon the Map of Tract No. 6189, Hamiltair, Lake Arrowhead, as per plat recorded in Book 80, Pages 26 to 30 of Maps, records of San Bernardino County, California; thence Southerly along those several courses which form the Westerly boundary of said Tract No. 6189 to the Southwest corner of said Tract No. 6189; thence leaving said Westerly boundary, Southeasterly a distance of 1,000 feet more or less, to the most Westerly point reached by the body of water known as "Lake Arrowhead" in that certain bay thereof known as "Meadow Bay", when the surface of said lake is at an elevation of 5,100 feet above sea level as hereinafter defined.

EXCEPTING therefrom any portion of said Sections which would be covered with water impounded by a certain dam constructed across and in Little Bear Creek, so-called, in the Northwest quarter of Section 14, Township 2 North, Range 3 West, known as Lake Arrowhead, if the surface of said water were at an elevation of 5,100 feet above sea level, the term "sea level" designating that certain datum plane or point 5,152.62 feet vertically below the level of that certain bench mark which is the top of a 1-inch pipe set vertically in a concrete wall, and located 1,123.06 feet North 78° 27' 14" East from the Quarter corner between Sections 10 and 15 in Township 2 North, Range 3 West, S. B. B. & M.







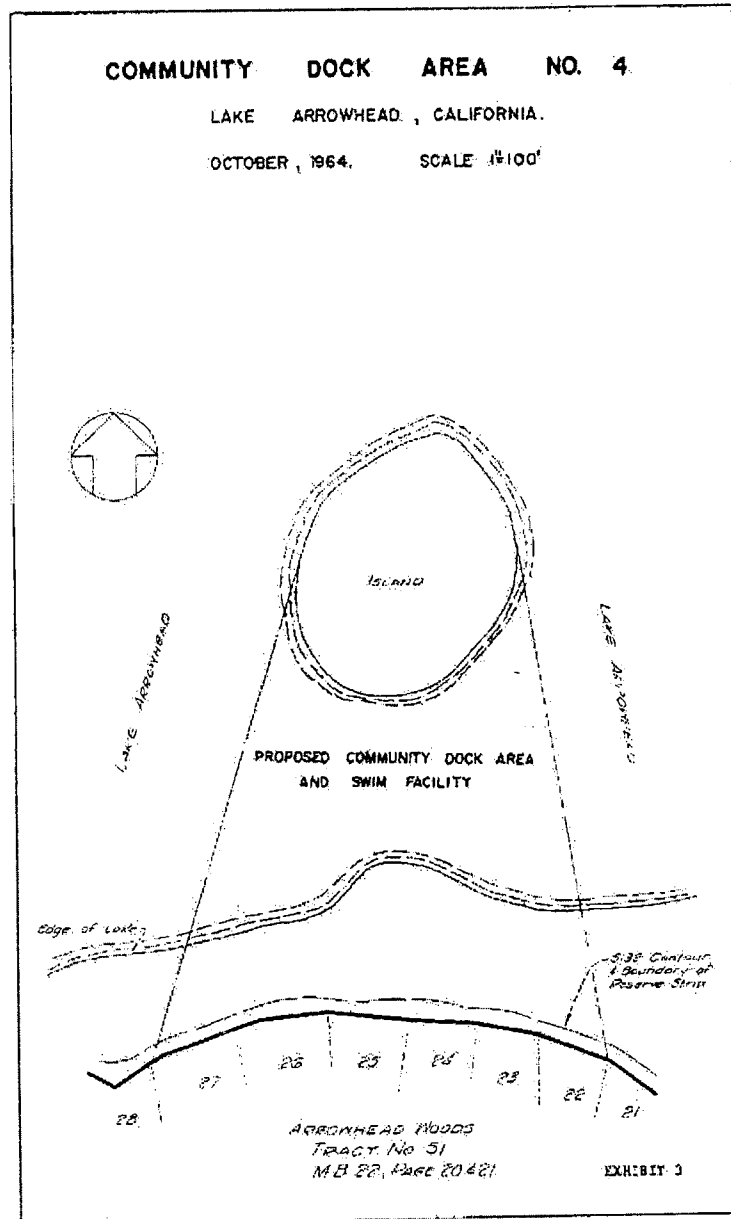


EXHIBIT B

FROM Arrowhead Lake Assoc

(TUE) MAY 3 2005 11:06/ST. 11:05/No 6813305010 P 1

For Your Information
R. Craig McManigal

AI-17339

JW:sfin 5/17/74
File No. 25659

708141

ORIGINAL FILED

AUG 26 1974

V. DENNIS WARDLE
COUNTY CLERK

ARTICLES OF INCORPORATIONOFARROWHEAD LAKE ASSOCIATIONARTICLE INAME

The name of this corporation is:

ARROWHEAD LAKE ASSOCIATION

ARTICLE IIPURPOSES AND POWERS

The purposes for which this Corporation is formed are:

A. Specific Purpose: To provide nonprofit recreational facilities and activities on and around Lake Arrowhead, exclusively for the use and enjoyment of the owners of the real property in Arrowhead Woods, their families and guests.

B. General Purposes:

1. To acquire and own resources and facilities including but not limited to Lake Arrowhead, and to manage, regulate, improve and maintain them, in a manner consistent with this Corporation's nonprofit recreational purpose.

2. To maintain and improve the ecology and environment of Lake Arrowhead and Arrowhead Woods.

3. To have and exercise all rights and powers conferred on nonprofit corporations under the laws of California, including the power to contract, rent, buy or sell personal or real property.

The foregoing statement of purposes shall be construed as a statement both of purposes and powers, and purposes and powers in each clause shall be in no wise limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of purposes and powers, the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Corporation.

ARTICLE IIIORGANIZATION

This Corporation is organized for nonprofit purposes, pursuant to the General Nonprofit Corporation Law of the State of California and does not contemplate pecuniary gain or profit to the members thereof.

FROM Arrowhead Lake Assoc

(TUE) MAY 3 2005 11:07/ST. 11:08/No 6813306010 P 2

ARTICLE IV**PRINCIPAL OFFICE**

The county in this State where the principal office for the transaction of the business of the Corporation is located is San Bernardino County.

ARTICLE V**DIRECTORS**

A. The affairs of the Corporation shall be managed by a Board of not less than seven (7) nor more than ten (10) Directors. The exact number of Directors, within the limits specified, shall be fixed by a By-Law or amendment thereof duly adopted by members of the Corporation or, by the Board of Directors. Such indefinite number may be changed, or a definite number fixed without provision for an indefinite number, by a By-Law duly adopted by the members.

B. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are as follows:

<u>Name</u>	<u>Address</u>
JANET L. WIEDENHEFT	9665 Wilshire Boulevard The Seventh Floor Beverly Hills, California 90212
CAROLE BALL	9665 Wilshire Boulevard The Seventh Floor Beverly Hills, California 90212
LAWRENCE R. RESNICK	9665 Wilshire Boulevard The Seventh Floor Beverly Hills, California 90212
REX A. MCKITTRICK	9665 Wilshire Boulevard The Seventh Floor Beverly Hills, California 90212
ELAINE SMOOTS	9665 Wilshire Boulevard The Seventh Floor Beverly Hills, California 90212
LOWELL R. MARKS	9665 Wilshire Boulevard The Seventh Floor Beverly Hills, California 90212
ROBERT M. SNADER	9665 Wilshire Boulevard The Seventh Floor Beverly Hills, California 90212

ARTICLE VI**MEMBERS**

A. The authorized number, if any, and qualifications of members of the Corporation, the filling of vacancies, the different classes of membership, if any, the property, voting and other rights and privileges of members,

FROM Arrowhead Lake Assoc

(TUE) MAY 3 2005 11:06/ST 11:06/No 6813306010 P 3

and their liability for dues and assessments and the method of collection, and the termination and transfer of membership shall be as provided in the By-Laws. Provided, however, that if the voting, property or other rights or interests, or any of them, be unequal, the By-Laws shall set forth the rule or rules by which the respective voting, property or other rights or interests of each member or class of members are fixed and determined.

B. Members of this Corporation are not personally liable for the debts, liabilities or obligations of the Corporation.

C. Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board, and shall have the same force and effect as a unanimous vote of such directors.

ARTICLE VII

DEDICATION AND DISSOLUTION

A. This Corporation is organized for nonprofit purposes.

B. The property, assets, profits, and net income of this Corporation are irrevocably dedicated to nonprofit recreational purposes not inconsistent with the ecology of Lake Arrowhead and the Arrowhead Woods; and no part of the profits or net income of this Corporation shall ever inure to the benefit of any director, officer, member or other private interests other than for the general benefit to the Arrowhead Woods.

C. On the winding up or dissolution of this Corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this Corporation, shall be distributed as follows: The assets, including but not limited to Lake Arrowhead and the facilities developed or acquired by this Corporation, are to be distributed in such a manner as to remain available exclusively, on a nonprofit basis, for the recreational use and enjoyment of the owners of real property in the Arrowhead Woods Community. All matters pertaining to said distribution, in compliance with this Article VII C, and any disputes which may arise with respect to said distribution, shall be conclusively determined and resolved by the Superior Court of San Bernardino County. The assets of this Corporation shall not be distributed to its members, officers or directors.

D. If this Corporation holds any assets in trust, such assets shall, on dissolution, be disposed of in such a manner as may be directed by decree of the superior court of the county in which this Corporation's principal office is located, on petition therefor by the Attorney General or by any person concerned in the liquidation.

ARTICLE VIII

STOCK NOT AUTHORIZED

This Corporation is not authorized, nor shall it have the power, to issue capital stock.

IN WITNESS WHEREOF, the undersigned, being all of the persons

FROM Arrowhead Lake Assoc

(TUE) MAY 3 2005 11:09/ST 11:06/No 5813306010 P 4

hereinabove named as the first Directors, have executed these Articles of Incorporation on July 2, 1974.

Janet L. Wiedenheft
JANET L. WIEDENHEFT

Carole Ball
CAROLE BALL

Lawrence R. Resnick
LAWRENCE R. RESNICK

Rex A. McKittrick
REX A. MCKITTRICK

Elaine Smoots
ELAINE SMOOTS

Lowell R. Marks
LOWELL R. MARKS

Robert M. Snader
ROBERT M. SNADER

DIRECTORS

FROM Arrowhead Lake Assoc

(TUE) MAY 3 2005 11:10/ST 11:06/No 6813306010 P 5

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On July 2, 1974, before me, the undersigned, a Notary Public in and for said State, personally appeared JANET L. WIEDENHEFT, CAROLE BALL, LAWRENCE R. RESNICK, REX A. McKITTRICK, ELAINE SMOOTS, LOWELL R. MARKS and ROBERT M. SNADER known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

Martha C. McMartin

Notary Public in and for said State

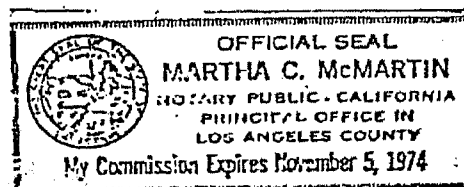
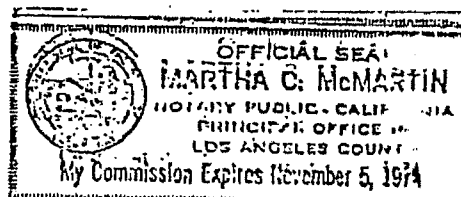


EXHIBIT C

BYLAWS OF ARROWHEAD LAKE ASSOCIATION

A California Non-Profit Corporation

As Amended: April 24, 2021

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PREFACE

The ARROWHEAD LAKE ASSOCIATION, a California Non-Profit Corporation, is the owner of Lake Arrowhead, the Burnt Mill Beach Club, the Tavern Bay Beach Club, Grass Valley Lake, Grass Valley Park, Peninsula Park, the property and facilities at the North Shore Marina and the reserve strip, reserve strip additions and buffer zones around the lake and numerous easements, which provide access to these private facilities.

The property owners of ARROWHEAD WOODS are eligible to become Residential Members of ALA. Residential Members are also invited and welcome to attend any open session meeting of the Board of Directors ("Board").

These Bylaws have been adopted to identify the corporate governance of ALA and to regulate the manner in which ALA discharges its responsibility to maintain the Lake and its related facilities.

ARTICLE I NAME AND OBJECT OF CORPORATION

SECTION A. Name

This corporation shall be known as Arrowhead Lake Association, hereinafter called the Association, and commonly known and referred to as ALA.

SECTION B. Object

This Association exists to operate and maintain Lake Arrowhead, Grass Valley Lake, the reserve strips, reserve strip additions, buffer zones, Peninsula Park, Burnt Mill and Tavern Bay Beach Clubs, Grass Valley Park and certain other properties within Arrowhead Woods for the social and recreational benefit and use of its Residential Members.

ARTICLE II MEMBERS

SECTION A. Qualifications

1. **Residential Property.** All owners of residential real property in Arrowhead Woods, except Lakewood tracts A & B¹, shall be eligible for Residential Membership and said owners may be an individual, individuals, or other legal entity or combination thereof. However, when the deed to such real property discloses a limitation on the right to use and occupy that real property, such as a timeshare estate, then such Residential Membership shall be limited to only such time as an owner of said real property has the exclusive right and easement to occupy that, or similar, Arrowhead Woods real property (Timeshare Estates shall have no voting rights). Any Special Use Privileges available to a Residential Member shall be limited to the same extent as the Residential Membership. Each Residential Membership shall be subject to the payment of dues.

2. **Commercial Property.** The following are deemed commercial properties - Lake Arrowhead Village, Lake Arrowhead Resort and Spa, UCLA Lake Arrowhead Conference Center and the Lakeside Resort. A commercial property shall also include any real property in Arrowhead Woods that is subject to a new subdivision created by the recordation of a final map in the County Recorder's office of the County of San Bernardino, California, from and after August 1, 2015 ("New Subdivision"); provided, however, that once any of the legal lots created by said New Subdivision has been sold to a retail purchaser, said retail purchaser can become a Residential Member as defined in this Article II. The above referenced commercial properties shall collectively be referred to as "Commercial Properties". Commercial Properties are eligible for one commercial membership. Commercial memberships have the same responsibilities and obligations as Residential Members (as identified in these Bylaws, rules, regulations or other governing documents of the Association) but their respective rights and privileges shall be as identified in written agreements with the Association as approved by the Board of Directors

¹ Lakewood tracts A & B have been assigned the numbers 1903 and 1996 respectively by San Bernardino County.

from time to time. Commercial Memberships shall have no voting rights, inspection rights and/or rights to communicate to the Residential Members (which rights are solely granted to Residential Members) and, furthermore, shall have no right to notice of and/or attend Residential Membership and/or Board of Directors meetings.

3. Members in Good Standing.

A "member in good standing" shall mean a member who is current in the payment of all dues and fees (including late charges and interest) and fines levied against the member and/or membership and not be subject to any suspension of membership privileges or Special Use Privileges (as defined below) as a result of any disciplinary proceeding conducted in accordance with these Bylaws or any rule, regulation or other governing document of the Association.

Only members in good standing, the members of their households and their invited guests shall be eligible to use the private facilities of the Association for which they qualify.

The legal owner or owners of a residential lot/unit or residential lots/units in Arrowhead Woods who are "Members in Good Standing" shall be entitled to one vote for each Residential Membership (with co-owners of a residential lot/unit deemed to be one member for voting purposes) in all matters concerning the Association on which such members are entitled to vote. Each Residential Membership shall be carried on the records of the Association in the name of the legal owner or owners of the residential lot/unit or residential lots/units from which such Residential Membership arises ("Residential Member" or "Residential Membership").

SECTION B. Membership

The members of the Association shall be owners of residential property in Arrowhead Woods who apply for Residential Membership in accordance with the regulations prescribed by the Board. Residential Members in good standing may apply for and receive Special Use Privileges in categories as may be determined from time to time by the Board. Except for the Commercial Properties, membership shall not be granted to owners of non-residential lots within Arrowhead Woods.

Only the record owners of residential lots/units within Arrowhead Woods as vested in the County Records office in San Bernardino County, California, shall be entitled to ALA Residential Membership and the Special Use Privileges related thereto. The term "Special Use Privileges" shall mean and include, but not be limited to slips, slip rights, pier site easements, licenses, boating privileges, lake privileges and any other rights of possession or use of ALA property. Commercial Properties are entitled to Special Use Privileges but only pursuant to written agreements with the Association as approved by the Board of Directors from time to time.

All Special Use Privileges including slip rights, pier site easements, licenses and any other rights of possession or use of ALA property, shall be vested identical to the ownership of the lot/unit to which the license, easement or right is attached.

Except for the Commercial Properties, no Slip Right may be attached to more than one lot.

All members (including commercial memberships) are also subject to all other policies, rules and guidelines governing and regulating ALA property (such as slips, docks, dock rights, the lake, boating, reserve strip, buffer zones and the reserve strip addition) including, but not limited to, the Regulations for Shoreline Improvements, as adopted and/or amended from time to time by the Board of Directors or applicable committee of the Association.

Those docks that have four or more dock slips must form and have a multi-dock association in place, consistent with the Association's guidelines, no later than April 1, 2009. Residential Members of the multi-dock association must abide by any multi-dock association rules as may be adopted and/or amended from time to time by the Board of Directors or applicable committee of the Association.

SECTION C. Short Term Rentals

The clients of ALA members who rent their homes in Arrowhead Woods for less than a 30-day period ("Short Term Renters") cannot access Lake Arrowhead, the ALA Beach Clubs, the ALA trails, any other ALA facility and/or any dock on Lake Arrowhead owned by any ALA member renting a home in Arrowhead Woods to the Short Term Renter.

As this Bylaw was created by a vote of the ALA members, it can only be changed by a vote of the ALA members.

FINE SCHEDULE FOR VIOLATION OF ALA BYLAW

The fine schedule for ALA members who rent their homes in Arrowhead Woods for less than a 30-day period and allow a Short Term Renter or Short Term Renters to access Lake Arrowhead, the ALA Beach Clubs, the ALA trails and/or any other ALA facility and/or any dock on Lake Arrowhead owned by any ALA member renting a home in Arrowhead Woods to the Short Term Renter is as follows:

- 1. First Violation. A maximum fine of \$1,000.00;**
- 2. Second Violation. A maximum fine of \$2,500.00;**
- 3. Third Violation. A maximum fine of \$5,000.00.**

In addition to the maximum fines listed above, any ALA member who is found to have violated this section three or more times may be called to a hearing pursuant to ALA Bylaws Article II, SECTION H. Rules and Procedures for Suspension or Expulsion of Members from the Arrowhead Lake Association.

SECTION D. Transferability of Membership

Membership in this Association is not transferable. Special Use Privileges may be transferred only to Residential Members in good standing and then only in strict accordance with the requirements of the rules and regulations pertaining to such transfers, as set by the Board from time to time.

SECTION E. Dues, Fees and Interest

- 1. Dues.** All members shall be subject to the payment of dues as determined by the Board from time to time in accordance with the laws of the State of California and these bylaws. To remain in good standing, all members shall pay the dues as so determined.
- 2. Fees.** The Board is also authorized to fix the fees for members who are also Special Use Privileges holders pursuant to Article II, Section B and make them payable at such time and in such amounts as the Board of Directors may prescribe.

The fees shall be enforceable by the suspension or forfeiture of the Special Use Privileges status on reasonable notice as determined by the Board of Directors, or by appropriate legal process, or by any other lawful means.

Any notice required hereunder shall be deemed given when deposited in the United States Mail, postage prepaid mailed to the member at the address shown for the member on the records of the Association, or when personally delivered to the member or as otherwise provided at Section 5015 of the California Corporations Code as same may be amended from time to time.

- 3. Interest.** Interest will be imposed on delinquent dues and fees thirty (30) days past the due date at a rate of ten percent (10%) per annum.

SECTION F. Enforcement of Bylaws and Rules

- 1.** The Board shall have the power to reprimand, fine, suspend or expel any member for any conduct of the member, his family, or a guest thereof resulting in a violation of any Bylaws or rule of the

Association, or for conduct determined by the Board to be generally detrimental to the Association or to its objectives as set forth in Section B of Article I hereinabove.

2. No Residential Members may be expelled or suspended, and no Residential Membership may be terminated or suspended, except only after a hearing before the Board or a committee appointed by it for such purpose, which hearing shall be conducted in accordance with Section 7341 of the California Corporations Code, as same may be amended from time to time. The Board may, from time to time, establish additional rules and procedures for the conduct of any such disciplinary hearing. Any hearing where a fine of greater than \$15,000.00 may be imposed shall only be heard before the Board. The Board also has the authority to review any committee decision and after a hearing, modify any ruling in the Board's discretion, provided, however, that it gives notice of such hearing to the Member and the applicable committee within thirty (30) days of the committee's date of its Ruling Notice. Additionally, any Member who fails to appear at a hearing or provide a written response to the applicable committee prior to the hearing, hasn't requested the Board appeal in writing within thirty (30) days from the date of the Committee's Ruling Notice and hasn't paid in full any fine imposed within said thirty (30) days of the date of the Committee's Ruling Notice, will lose the right to appeal to the Board any disciplinary action imposed by any committee.
3. Any Residential Member who has been suspended or expelled from membership and whose membership has been suspended or terminated may be reinstated by the Board upon such terms and conditions as determined from time to time.
4. Notwithstanding anything contained in these Bylaws to the contrary, the Association shall have the right to take immediate action, such as chain up dock slips, not issue boat registrations, impound boats, or tow vehicles, for non-payment of slip fees, dues or any other monies due the Association without holding the hearing identified in Article II, Section E.2. above. Violations which may subject the Residential Member to possible suspension or termination of his/her Residential Membership will still require the disciplinary hearing referenced in Article II, Section E.2. above prior to the suspension or termination of same.
5. The Association shall also have the right to remove, at the sole cost of the offending member, any improvements (including landscaping) placed within ALA property without prior ALA approval, consent or permission; the Association may facilitate such removal without the hearing identified in Article II, Section E.2. above.
6. The Board shall be the sole hearing tribunal for any hearings related to harassment of staff. Except for a Campaign Guidelines violation (which the Election Committee has sole jurisdiction per Article III, Section D.5(g)), the Board shall also have the authority and right to hear any violation of the Association's governing documents which the Board deems to be of such a serious nature, that the Board (and not the applicable committee) shall take original jurisdiction and be the sole hearing tribunal for the alleged violation.
7. If there is any inconsistency related to enforcement and sanctions between this Section E. and any rule or regulation of the Association (including, but not limited to, any Committee rule and/or regulation) then the provisions of this Article II, Section E. of the Bylaws shall control and supersede any such inconsistent rule or regulation.
8. In the event of a conflict between the ALA Bylaws and the language of the 1964 Agreement, the language of the 1964 Agreement shall control.
9. Any dispute between ALA or ALA Members regarding any pier site, dock, or fixture on the reserve strip or reserve strip additions or any property owned by ALA or pertaining to any membership in ALA shall be resolved by binding arbitration.

The arbitration shall take place in San Bernardino County before one arbitrator who shall be agreed upon by all parties to the dispute. In the event the parties are unable to agree upon an arbitrator,

the dispute shall be resolved by a panel of three arbitrators. If there are two parties to the dispute, each party shall choose one arbitrator and the two arbitrators chosen shall choose the third arbitrator. If ALA is a party to the dispute and more than one member is involved in the dispute, ALA shall choose one arbitrator and the members shall collectively choose one arbitrator and the two arbitrators chosen shall choose the third arbitrator.

The cost of the arbitration shall be split equally by the parties to the arbitration. If allowed by California law, contract or the ALA Bylaws, the Arbitrator shall award the prevailing party attorney fees and costs. The award of the arbitrator shall not be appealable.

10. If any ALA member takes any action to circumvent any ALA Bylaw, Rule or Policy, the ALA has the right to void the action taken and may expel the member from ALA after a hearing before the Board of Directors.

SECTION G. COMMITTEE ENFORCEMENT PROCEDURES

1. The Arrowhead Lake Association maintains various committees that serve at the discretion of the Board of Directors. Many of these Committees are charged with implementing and/or enforcing rules and regulations which have been put into effect by the Arrowhead Lake Association.
2. **Report of Violations.** Any alleged violations of an applicable rule shall be directed to the appropriate committee charged with enforcing that rule. If an alleged violation is reported directly to the Board of Directors, the Board of Directors may direct the appropriate committee to review the alleged violation.
3. **Preliminary Decision to Proceed.** After a committee receives a report of an alleged violation, that committee shall make a preliminary decision, in its sole discretion, whether or not to proceed to the hearing process in connection with the alleged violation. The committee may choose to proceed to the hearing process, send a warning to the alleged offender, or to not proceed any further with the matter.
4. **Hearings.** Should the respective committee choose to proceed with the hearing process for an alleged violation, the following procedures shall take place:
 - a. The committee shall send a notice of hearing to the ALA member alleged to be responsible for the violation, and may, at its discretion, send a copy of the notice of hearing to the violator, if different from the ALA member.
 - b. The notice shall contain a copy of the violation, date, time, location of hearing and maximum fine.
 - c. Alleged violators will be sent a Notice of Hearing within 30 days of receiving a citation. The Notice of Hearing will be sent **not less than** 10 days before the date of hearing.
 - d. The member noticed to attend such hearing may be personally present or represented and may bring such witnesses to the alleged violation as such member deems desirable. The member shall be given the opportunity to examine any witnesses present at the hearing.
 - e. Where the allegations against the member are made by any member of the ALA other than an ALA employee or agent (such as a member witnessed incident), the reporting member must be present at the hearing. Where the allegations against the member are made by an ALA employee or agent, a written report, at the discretion of the committee, shall be sufficient, and an ALA employee with appropriate knowledge may represent the ALA employee or agent that made the allegation(s).
 - f. The ALA member has the option of paying the maximum fine prior to the hearing. However, it is important to note that the violation will be discussed at the noticed hearing and the committee may consider additional sanctions.

- g. Following the completion of the hearing, the committee shall issue a "Ruling Notice." The Ruling Notice shall set forth the committee's ruling and any penalties or sanctions imposed by the committee.
5. **Postponement of Hearing.** In the event the ALA member cannot attend the hearing because of unavailability, the member must request a postponement in writing at least 2 days before the hearing stating the reason for the postponement. The request may be granted or denied at the sole discretion of the chairperson of the committee or designee. A check in the amount of the maximum fine shall accompany the request for postponement. ALA shall hold the check until the hearing.
6. **Penalties and Sanctions.** Pursuant to Article II, Section F of the Bylaws, the committees shall have the ability to impose disciplinary fines not greater than \$15,000. Any hearing where a fine of greater than \$15,000 may be imposed shall only be heard before the Board. If a violation is found to have been committed, the committee may recommend penalties or sanctions as set forth in the respective committee's Rules and which from time to time may be modified by the ALA Board of Directors.
- a. **Fines.** Any monetary fine not exceeding \$15,000 may be imposed by the committee in an amount that shall from time to time be set by the Board of Directors of the Association. The committee may, at their discretion, suspend all or a portion of the fine.
- b. **Sanctions.** Any sanction(s) set forth in the respective committee's Rules may be imposed by the committee. The committee may, at their discretion, suspend all or a portion of the sanction(s).
- c. **Review by Board.** Pursuant to Article II, Section E, Paragraph 2 of the Bylaws, the Board has the authority to review any committee decision and after a hearing, modify any ruling in the Board's discretion, provided, however, that it gives notice of such hearing to the Member and the applicable committee within thirty (30) days of the committee's date of its Ruling Notice.
- d. **Unpaid Fine.** In the event any fine imposed by a committee is not paid within thirty (30) days from the date of the committee's Ruling Notice, the fine shall be increased to the maximum allowable under the committee's rules for the violation(s) found to have occurred.
7. **Ruling Notice.** The committee shall provide written notice, or its Ruling Notice, of its determination to the member(s) within ten (10) days of the hearing. The Ruling Notice shall also be accompanied by the appeal procedures.
8. **Violations Appeal Procedure.** Violation appeals will go before the full ALA Board of Directors during a special closed session hearing, other than a regular board meeting and an advocate from the relevant committee will be present.
- a. An alleged violator must notify the ALA Board of Directors and the relevant committee of the alleged violator's decision to appeal the committee's determination within thirty (30) days of the Notice of Ruling. The Board of Directors shall then provide the member written notice containing the date, time and location of the special hearing for the member's appeal.
- b. If an alleged violator wishes to appeal the decision of the committee before the full Board during a special hearing, the alleged violator must post the maximum amount of the fine prior to the hearing of the Board. (Example: If the committee imposes a \$1,500 fine and waives \$500 of the fine, making a total applicable fine of \$1,000, the maximum fine of \$1,500 must be posted).
- c. Any Member who fails to appear at a hearing or provide a written response to the applicable committee prior to the hearing, or hasn't requested the Board appeal in writing within thirty (30) days from the date of the Committee's Ruling Notice and hasn't paid in full any fine imposed within

said thirty (30) days of the date of the Committee's Ruling Notice, will lose the right to appeal to the Board any disciplinary action imposed by any committee.

- d. The decision of the Board of Directors on the member's appeal shall be made in closed session following the hearing. Written notice of the Board of Directors' decision shall be provided to the member within ten (10) days of the Board's decision.

9. **Inconsistent Provisions.** If there is any inconsistency related to enforcement and sanctions between this Section F. and any rule or regulation of the Association (including, but not limited to, any Committee rule and/or regulation) then the provisions of this Article II, Section F. of the Bylaws shall control and supersede any such inconsistent rule or regulation. If there is any inconsistency between this Section F and Article II, Section E. of the Bylaws, then Article II, Section E. of the Bylaws shall control and supersede any such inconsistency.

SECTION H. Rules and Procedures for Suspension or Expulsion of Members From the Arrowhead Lake Association

- 1) Pursuant to Article II Section F of the Bylaws of Arrowhead Lake Association ("Bylaws") the Arrowhead Lake Association's ("ALA" or "Association") Board of Directors ("Board") has, among other things, the power to suspend or expel any ALA Member for any conduct of the Member or any conduct of the Member's family or any guest of the Member resulting in any violation of any ALA Bylaw or Rule or for conduct determined by ALA's Board to be generally detrimental to ALA or its objectives as set forth in Bylaws Article I Section B. The terms "Member" or "Membership" (collectively "Member") as used in these Rules and Procedures for Suspension or Expulsion from Arrowhead Lake Association ("Disciplinary Rules") are defined in Bylaws Article II Section B.
- 2) The decision of the Board to suspend or expel ("Discipline") any Member shall be made by a vote of the majority of the Directors of the Board, excluding any Director who the majority of the Board finds by a preponderance of the evidence has a conflict of interest such that the Director should be recused ("Presiding Board").
- 3) A Member shall receive at least 30 days written notice prior to the date of the Hearing on the Discipline before the Presiding Board ("Notice"). The Notice shall state:
 - 1) The date, time and location of the Hearing ("Hearing Date");
 - 2) The reason(s) for the Discipline; and
 - 3) All written evidence ALA intends to offer at the Hearing and the names of the witnesses ALA may call at the Hearing.
- 4) ALA shall send the Notice to the Member's most recent address in ALA's records by next day delivery.
- 5) A Member must attend the Hearing to contest the Discipline. If the Member fails to attend the Hearing the Presiding Board shall review all evidence offered by ALA and render a decision.
- 6) If the Member chooses to attend the Hearing to contest the Discipline the Member shall send ALA's General Manager a written statement containing all written evidence the Member intends to offer at the Hearing, the names of any witnesses the Member may call to testify at the Hearing and state whether the Member will be represented by counsel at the Hearing. If the Member chooses to be represented by counsel it will be at the Member's sole cost and expense. In addition, if the Member is represented by counsel the Member must provide the name, address and telephone number of the Member's Counsel in the written statement to the General Manager. The written statement shall be sent by next day delivery to the General Manager

or personally served upon the General Manager at the ALA office not less than 15 days before the Hearing Date. Any written evidence not presented as required by these Disciplinary Rules shall be admitted for the Presiding Board to consider with an explanation by the party offering the evidence as to why the evidence was not presented as required by these Disciplinary Rules. The Presiding Board will give all evidence presented at the Hearing the weight it believes the evidence deserves.

- 7) The chair of the Hearing will be the President of the Board of Directors unless the President is unable or unwilling to serve. In the event the President is unable or unwilling to serve, the chair of the Hearing shall be the Vice President of the Board. In the event the Vice President is unable or unwilling to serve, the chair of the Hearing shall be the Secretary of the Board. In the event the Secretary is unable or unwilling to serve, the chair of the Hearing shall be appointed by vote of the Presiding Board.
- 8) The Hearing shall proceed as follows: First, ALA's representative or counsel ("ALA's Representative") shall make an opening statement to the Presiding Board. Thereafter the Member or Member's counsel ("Member's Representative") shall make an opening statement to the Presiding Board. After opening statement ALA's Representative shall present ALA's case to the Presiding Board. If either party submits a written witness statement the statement must be signed under penalty of perjury. If witnesses are called they shall be sworn and testify under penalty of perjury. Witnesses who testify at the Hearing shall be subject to cross examination by the Member's Representative. When ALA's case closes the Member's representative will present the Member's case to the Presiding Board. If witnesses are called they shall be sworn and testify under penalty of perjury. Witnesses who testify at the Hearing shall be subject to cross examination by ALA's representative. Thereafter, ALA's representative will present its closing argument. Next, the Member or Member's representative will present the Member's closing argument. Finally, ALA's Representative will present a rebuttal closing argument. When closing arguments are completed, the Presiding Board shall retire to a private place to decide whether Discipline of the Member is warranted by a preponderance of the evidence. If the majority of the Presiding Board finds Discipline is warranted the Presiding Board must then decide whether to suspend, expel or impose some lesser sanction on the Member.
- 9) A Notice of Decision of the Presiding Board shall be personally delivered to the Member and sent to the Member at the Member's most recent address in ALA's records by next day delivery within 15 days of the date of the Hearing.
- 10) Judicial review of any decision made by the Presiding Board after a Hearing shall be by binding arbitration pursuant to Bylaw Article II Section E(9). Any petition for judicial review shall be made within one year of the date of the imposition of Discipline.
- 11) Any Member Disciplined shall remain liable to ALA for any charges incurred, services or benefits actually rendered, dues, assessments or fees incurred before the date of the imposition of the Discipline whether arising from contract or otherwise.

SECTION I. Residential Membership Year/Membership Cards

The Residential Membership Year begins on April 1 of a given year and ends on March 31 of the following year. ALA membership cards evidence Membership in ALA for each Residential Membership Year. The membership cards shall be reinstated for the next Residential Membership Year after validation by the Treasurer of the ALA, or designee, that all dues and other obligations of the member to ALA for the new Residential Membership Year have been paid or satisfied.

The name and address of each Residential Member and the date of admission shall be maintained in the records of the Association. If any card is lost or destroyed, or not functioning properly, a new card may be issued to the Member for a fee to be set by the Board.

SECTION J. Non-Liability of Members

No member of this Association shall be personally liable for the debts, liabilities or obligations of the Association.

SECTION K. Meetings of Members and Voting by Written, Electronic or Telephonic Ballot

1. **Place of Meetings.** All meetings of the Residential Membership shall be held within the Lake Arrowhead vicinity.
2. **Annual Meetings.** The annual meeting of Residential Members shall be held in July at a date, time and place to be determined by the Board. The purpose of the annual meeting shall be solely for reports from officers, committees, the General Manager and staff, and for questions and comments from Residential Members regarding matters of common interest or concern to the Association, its members and the ALA community in general. No other business shall be transacted at the annual meeting.
3. **Notice of Annual Meeting.** Notice of the annual meeting shall be given at least twenty (20) days but no more than ninety (90) days before the date of the meeting. All such notices, which shall be given via email blast, posting on the Association website and publication in a newspaper serving Arrowhead Woods, shall specify the place, day and hour of such meeting.
4. **Informational Meetings.** The Association may conduct informational meetings for the Residential Members from time to time. Notice of such informational meetings shall be given and the date thereof shall be set by the Secretary of the Association in the same manner as for annual meetings of Residential Members.
5. **Quorum.** There shall be no quorum requirement for conducting the annual meeting or for the election of Directors. All other Residential Membership action including, but not limited to, any amendment of these Bylaws or Articles of Incorporation requiring Residential Membership approval, shall require approval by a majority of a quorum of the Residential Members with a quorum being five percent (5%) of the Residential Members of the Association in good standing on the record date that the ballot materials are submitted to the Residential Membership.
6. **Voting by Written, Electronic or Telephonic Ballot.** Because of the large number of Residential Members of the Association, it is neither equitable nor logistically feasible to decide at an open meeting of the Residential Members any matters that are duly submitted to the Residential Membership, therefore, voting by Residential Members on such matters shall be done by written, electronic or telephonic ballot and not at an annual or special meeting of the Residential Members. Except as otherwise provided in these Bylaws, the general quorum requirement for voting by written, electronic or telephonic ballot shall be five percent (5%) of the Residential Members of the Association in good standing. Any matter or issue requiring the vote of the Residential Members, including the election of Directors, shall be by written, electronic or telephonic ballot so long as the procedures and requirements for action by written, electronic or telephonic ballot set forth herein are satisfied, as well as election rules, if any, adopted by the Board of Directors from time to time. In light of the Residential Membership's voting rights to be facilitated by written, electronic or telephonic ballot sent to all Residential Members in Good Standing, proxy voting is not permitted.
7. **Record Date.** The record date for determining which Residential Members are eligible to vote in the annual election of Directors shall be August 1 of each year. As to any other type of election or vote by written, electronic or telephonic ballot, the Board of Directors shall establish the record date in accordance with Corporations Code §7611.

ARTICLE III DIRECTORS

SECTION A. Number and Term

The Association shall have seven (7) directors. The 2019 Board of Directors Election will take place as scheduled for the At Large A District. The winner of the At Large A District election in 2019 will serve for three years.

Thereafter, ALA will hold a Board of Directors Election every even year with 4 Districts (the At Large B, the Grass Valley, the North and the West Districts) up for election in 2020 and 3 Districts (the South, the At Large A and the East) up for election in 2022. Each Director elected will serve a 4-year term. Subsequent elections will take place every two years, with each Director elected serving a 4-year term.

One Residential Member shall be elected from each of the five districts. A candidate running for a particular district shall only be elected by the owners of a lot/unit within that particular district (that have a Residential Membership assigned to such lot/unit) consistent with the voting rights set forth in these Bylaws. Two directors shall be elected At Large; all members may vote for Directors At Large consistent with the voting rights set forth in these Bylaws.

Directors shall serve until their resignation or until their successors are duly seated. Newly elected Directors shall be seated/installed as the last item of business at the open meeting of the Board in October of the year of expiration of the term of office.

Except for a personal injury and/or property damage claim, any Director who files or joins a lawsuit or administrative claim against the Association ("Adversarial Proceeding") shall be deemed to have vacated his/her Director seat and automatically resigned from the Board of Directors ("Automatic Resignation"). Said resigned Director shall not qualify or be eligible to run for the Board of Directors until such time as the Adversarial Proceeding has been dismissed or otherwise resolved. To avoid an Automatic Resignation and in furtherance of the duties of a Director, all Directors are encouraged to communicate and, thereafter, meet and confer with the entire Board of Directors to discuss facts and issues that such Director believes can lead to an Adversarial Proceeding.

For any District in which there is no election because there is no candidate, the District shall be declared to have a vacancy as of the Board meeting in October at which other Directors are duly seated.

SECTION B. Districts and Election Rotation

The Association shall have the following 5 Districts:

East District as further identified in Exhibit A attached hereto and made a part hereof by this reference.

South District as further identified in Exhibit B attached hereto and made a part hereof by this reference.

North District as further identified in Exhibit C attached hereto and made a part hereof by this reference.

West District as further identified in Exhibit D attached hereto and made a part hereof by this reference.

Grass Valley District as further identified in Exhibit E attached hereto and made a part hereof by this reference.

The rotation of election of directors for Districts and At Large A and B seats will be as follows:

In September 2020, 4 Districts (the At Large B, the Grass Valley, the North and the West Districts) will be up for election and every four years thereafter.

In September 2022, 3 Districts (the South, the East, and the At Large A) will be up for election and every four years thereafter

SECTION C. Qualifications

The Directors of the Association shall be elected/appointed in accordance with these Bylaws. There is no quorum requirement for an election of Directors.

To be qualified to be nominated, elected, appointed and/or remain a director of the Association, the Residential Member must qualify and remain qualified as follows:

1. Have attained an age of legal majority under the laws of the State of California;
2. Be the owner of a minimum twenty-five percent (25%) fee simple interest of an improved residential lot or unit (if ownership is in the form of a trust or business entity, a minimum 25% beneficial interest in the trust or business entity) in the district to which office election is sought or, anywhere in Arrowhead Woods if the office sought is an "at-large" position;
3. Be a Residential Member in good standing as that term is defined under Article II, Section A;
4. Must be the only Residential Member of the improved residential lot or unit running for election to the Board of Directors and/or serving on the Board of Directors. The Board of Directors shall establish a procedure to verify that all candidates meet the eligibility standards set forth in this Article III, Section C. Any candidate determined by such process to not meet the eligibility standards may appeal that decision to the Board of Directors, but must do so in writing and no later than seven (7) days after the decision is mailed;
5. Must not be a Director in another District or At Large Office. If a Director wishes to run for a seat in a different District or an At Large Office (and upon confirmation that he/she is otherwise qualified to run for that seat) then he/she must first immediately resign their current seat before he/she is eligible to run for a different District or an At Large Office (provided they are a Residential Member in good standing). This limitation does not apply to a Director whose term is expiring at the end of the election cycle at issue;
6. Must not have a pending Adversarial Proceeding against the Association;
7. Must agree to protect the privacy rights of the individual Residential Members and, as such, agrees that the definition of "books and records" as that term is defined within these Bylaws does not include any and all email addresses, phone numbers and/or mailing addresses that are in the possession of the Association; and
8. Must sign the nomination application (those existing directors as of June 1, 2015, must also sign a document to reflect his/her agreement to Article III, Section C.7., in order to remain a director of the Association).
9. Must sign and return the executed Board Member Conflict of Interest form, Board Member Non-Disclosure of Confidential Information form and the Code of Conduct form. The abovementioned forms have been approved by the Board of Directors and will be presented to the Director for signature by the General Manager.

SECTION D. Election Procedures/Campaign Materials

1. Nomination of Candidate

A candidate may not be a candidate in any other district or at-large in the same election.

No prospective candidate substitutions may be made by the candidate, another Residential Member and/or the Association.

As part of the nomination application, candidates must agree to comply with the Campaign Guidelines and agree to pay in a timely manner any fines imposed by the Election Committee if the Election Committee determines that a violation of the Campaign Guidelines (identified in Article III, Section D.5. below) has occurred.

The candidate must sign and return the Board Member Conflict of Interest form, the Board Member Non-Disclosure of Confidential Information form and the Code of Conduct form. The abovementioned forms have been approved by the Board of Directors and will be presented to the candidate for signature with the nomination application.

2. Election Committee

For any Board of Directors election, the Board shall appoint an Election Committee consisting of no less than three (3) nor more than five (5) Residential Members inclusive of the Chair. The Election Committee should be appointed on or before July 31 for any annual Board of Directors election and for any other Director election (recalls or special elections); the Election Committee shall be appointed as soon as possible and prior to the commencement of the election cycle at issue. Election Committee members shall be Residential Members. Election Committee members shall not endorse and agree not to endorse any candidate and shall not be a member of the Board of Directors, a candidate for the Board of Directors, and/or related to or reside in the same household as a member of or a candidate to the Board of Directors (the qualifications in this sentence shall collectively be referred to as "Additional Qualifications"). The Election Committee shall verify that all candidates meet the qualifications set forth in Article III, Section C. of these Bylaws and have signed and returned the nomination application that verifies that the candidate has agreed to the items set forth in Article III, Section C, subsections 7. and 8. above. Although the Association's staff confirms the Signatures Requirement, any questions or issues related to compliance with the Signature Requirement can be forwarded by staff to the Election Committee for determination of compliance. Any candidate determined by the Election Committee to not meet the eligibility qualifications identified above may appeal the Election Committee's decision to the Board of Directors but must do so in writing no later than seventy-two (72) hours after the Election Committee has delivered its ruling to the candidate at issue.

Any alleged violation brought to the attention of the Election Committee shall be investigated forthwith by the Election Committee. Should the Election Committee decide that it reasonably appears that there may have been a violation, it shall, as soon as possible following such decision, give at least 48-hours written notice of the alleged violation to the candidate to cease and desist, as well as notice of the date, time and location of the hearing set to afford the candidate the opportunity to appear before the Election Committee. The hearing on the alleged violation shall be set no later than five (5) days after the giving of the notice. At the hearing, the candidate or his/her representative shall be given the opportunity to rebut the allegation of a violation. The Election Committee shall make a written finding as to whether a violation occurred and, if so, any extenuating circumstances. If a violation is found to have occurred, the Committee may impose a fine against the candidate up to an amount of \$1,000.00 per violation. Notice of the ruling and any sanction imposed shall be given in writing to the candidate within forty eight (48) hours of the hearing. Fines imposed by the Election Committee shall be due and payable within 30 days of the ruling notice unless the Election Committee identifies a longer period of time.

3. Inspector(s) of Election

The Board of Directors shall appoint the Inspector(s) of Election consistent with Article III, Section D. 4. below. The Inspector(s) of Election must comply with both (a) the Additional Qualifications and (b) either be an independent third party under a written contract approved by the Board of Directors or be a Residential Member. The Inspector(s) of Election shall have all of the powers contained within Corporations Code Section 7614. The Inspector(s) of Election shall also determine the number of Residential Memberships entitled to vote and the voting power of each Residential Membership, shall facilitate the receipt of the written, electronic or telephonic ballots, hear and determine all challenges and questions in any way arising out of or in connection with the right to vote, count and tabulate the written, electronic or telephonic ballots, determine and announce the results of the election and shall further perform any acts which may be proper to conduct the election with fairness to all Residential Members in accordance with Corporations Code Section 7614 and these Bylaws:

- (a) **Voting by Written Ballot.** The Inspector(s) of Election may also appoint and oversee additional persons to verify signatures and to count and tabulate written ballot votes ("Inspector Designees") as the Inspector(s) of Election deems appropriate. All written ballot votes shall be counted by the Inspector(s) of Election (and Inspector Designees) in an open setting allowing Residential Members and nominees to witness the counting and tabulation of written ballot votes. Anyone who is not an Inspector of Election and/or an Inspector Designee must remain at least fifteen feet (15') away from the counting table. No person may interfere with, harass or otherwise communicate with the Inspector(s) of Election and/or Inspector Designees while the opening of written ballots and tabulation are taking place (other than when the Inspector(s) of Election requests to communicate with a person such as corporate counsel or management related to the election process). The Inspector(s) of Election can cause the removal of any observer who causes interference with or disrupts the counting or tabulation process. Once the Inspector(s) of Election have finished counting, the Inspector(s) of Election will thereafter announce the results of the election, including any electronic or telephonic ballot voting results. No person, including any Residential Member and/or employee of the Association, shall open or otherwise review any written ballot prior to the time and place at which the written ballots are counted and tabulated by the Inspector(s) of Election (Inspector Designees such as staff, can review written ballot envelopes to assist the Inspector(s) of Election but cannot open such written ballot envelope to review the written ballot until the written ballot counting commences by the Inspector(s) of Election).

4. Election Schedule

- (a) The board of directors shall appoint one (1) or three (3) inspector(s) of election on or before July 31.
- (b) August 1 through August 15: Nomination applications are available at the Association Office. The prospective candidate must pick up the nomination application in person.
- (c) Deadline for filing nomination papers at the Association office shall be August 15 at 5:00 p.m.
- (d) In the event of a contested election (whether it is a District and/or at large seat), two events shall be held - one candidates' forum and one candidates' meet and greet ("Candidates' Events") - both Candidates' Events will be held on two different dates between August 16 and the first Saturday of September as noticed by the Association; the Association shall publicize the Candidates' Events by posting a notice on the Association's website, posting a notice on the community board outside the Association's administrative building as well as by publication in a local newspaper serving Arrowhead Woods. The candidates' forum shall be moderated by a neutral third party and candidates shall not assert influence over the selection of the forum moderator. For purposes of this section, a "neutral third party" cannot be: a) a board member or a candidate running for the board of directors, b) a person related to a board member or to a candidate running for the board of directors, or c) a person who has endorsed a candidate(s). There shall be no

moderator for the candidates' meet and greet. Candidate participation in the Candidates' Events shall be optional.

(e) September 1, 5:00 p.m.: Deadline for distribution of written, electronic or telephonic ballots to Residential Members in good standing.

(f) Deadline for return of ballots is September 22 at 5:00 p.m. If September 22 falls on a Sunday, then any written ballots must be returned no later than 5:00 p.m. of the next business day.

(g) Second Saturday in October: Deadline for announcement of election results.

(h) Fourth Saturday in October: Seating of newly elected Directors.

(i) Recount: There shall only be one recount (which shall be performed by the Inspector of Elections) provided it is requested within ten (10) days from the date that the Inspector of Elections announces the election results. Any Residential Member asking for the recount must remit to the Association a deposit to pay for the cost of the recount by the Inspector of Elections. If the recount changes the outcome of the election, then the deposit shall be refunded to the Residential Member requesting the recount. If the recount does not change the outcome of the election, the deposit shall be retained by the Association to pay the Inspector of Elections for the cost of the recount.

5. Campaign Guidelines

(a) Campaign Period - the campaigning period shall commence on August 1 and shall end September 22 ("Campaign Period").

(b) Quiet Period - In order to ensure fairness during the election cycle, there shall be a quiet period for Board members who are running for re-election to the Board of Directors. Accordingly, other than the President's Report or other official business by the Board of Directors, a quiet period will be implemented for Board member candidates ("Incumbents") from July 1 to August 1 ("Quiet Period"), and no written communication to the Residential Membership regarding the Association, its operations or what the Incumbent has done for the Association can be conveyed or disseminated in any form by Incumbents to the Residential Membership until the Campaign Period commences.

(c) There shall be no campaigning before the Campaign Period commences.

(d) Candidates shall have no communication on election issues with any Association staff other than the General Manager.

(e) Current Directors are permitted to endorse candidates individually, but not on behalf of the Board of Directors or the ALA.

(f) The use of any of the following campaign materials is prohibited: (billboards, banners, signs, signs/printing on cars, golf carts, any other vehicle, boats and/or any other water vessel.

(g) Campaigning - The candidate may communicate with the Residential Membership via the candidate's statement which will be included in the election materials mailed and/or emailed by the Association to the membership. In addition, the Association will hold two Candidates' Events for any contested election as set forth in Section D.4. of this Article III. Any candidate who wishes to mail a statement or mailer ("Campaign Mailer") to the Residential Membership may do so provided the Association facilitates the mailing consistent with the Association's policies and, the candidate pays for the mailing at his/her sole cost and expense. ALA will send up to three emails to ALA's list of Residential Members at no charge to the candidate during the Campaign Period if requested to do so by the candidate. Emails sent by candidates running for "At-Large" A or B will be sent to all Residential Member emails on the ALA's email list. Candidate emails in other

districts will be sent only to ALA's Residential emails in the district in which the candidate is running for election. No ALA member, whether a candidate or not, may send any email to any other ALA member or members regarding the election or a candidate in the election that does not contain the true name and email address of the person sending the email.

(h) These Campaign Guidelines shall apply to all ALA elections including, but not limited to, annual, special and recall elections and all matters where the members vote including, but not limited to, Bylaw amendments. The ALA's Election Committee shall have jurisdiction over the candidates (or any proponents of an election such as a director recall) in any election and shall hear any alleged violations of the Campaign Guidelines. The penalty for violation of the ALA's Campaign Guidelines shall be as determined by the Election Committee and may include a fine of up to and including an amount of \$1,000.00 per violation.

(i) The sole remedies for violations of Campaign Guidelines are as set forth in Article III, Section D.5 (see above)(h) and any violation of the Campaign Guidelines shall not invalidate or impact the validity of any election.

6. Eligibility of Voter

A voter must be a Residential Member in good standing as of the record date to vote ("Eligible Voter"). Residential lot/unit co-owners who are Eligible Voters are deemed to be one Member for voting purposes. A vote cast by an Eligible Voter of a multi-owner Residential lot/unit will be deemed to have the approval of the other owners of that residential lot/unit. Only one ballot may be cast for each residential lot/unit. In the case of written ballots, if more than one ballot is received, then the first ballot received will be counted. No subsequent or duplicate ballots will be counted. "First ballot received" is determined by the time/date stamp (on the return envelope whether mailed to the Inspector of Elections or deposited at the ballot box at the Association office). The Inspector of Elections shall time/date stamp return envelopes upon receipt at the Inspector of Elections' office; ballots deposited in the ballot box at the Association office will also be time/date stamped with the time/date clock next to the ballot box.

7. Attorney's Fees Regarding Election Challenges

In the event litigation is commenced related to any election challenge and/or any challenge related to any election or recall process, the prevailing party shall be entitled to its reasonable attorneys' fees and costs provided, however, that there shall be no attorneys' fees award in excess of ten thousand dollars (\$10,000.00).

SECTION E. Vacancies

1. Upon the vote of the directors, the Board may declare vacant the office of a director on the occurrence of any of the following events:
 - (a) The director is declared of unsound mind by a final order of Court;
 - (b) The director is convicted of a felony;
 - (c) The director has failed to attend three (3) regular meetings of the Board in any twelve-month period;
 - (d) The director has become delinquent in the payment of any dues or fees for a period in excess of forty-five (45) days. In this regard, the director who is delinquent for over forty-five (45) days shall be given a minimum of fifteen (15) days' written notice to pay any such delinquency, and only upon the failure of such director to pay such delinquency shall the Board declare vacant the office of such director; or

- (e) The director fails to meet the eligibility requirements set forth in Article III, Section C. of these Bylaws. The Board shall provide at least fifteen (15) days' written notice and an opportunity for the challenged director to be heard before the Board of Directors in closed session prior to declaring the director's seat vacant.
2. Filling Vacancies Declared by the Board of Directors. Any vacancy on the Board, except for a vacancy occurring under Article III, Section F. of these Bylaws, shall be filled as follows:
- (a) When a vacancy occurs and the remaining term is twelve months or less, then a majority of the remaining directors shall have the right but not the obligation to fill the vacancy;
- (b) When a vacancy occurs and the remaining term is more than twelve months, the Board shall have the right but not the obligation to fill the vacancy until the next annual Board election whereupon the Residential Members shall elect the succeeding director who shall serve the remaining balance of the vacated director's term.
- (c) When the vacancy is for a district seat, applications will be accepted only from Residential Members in that particular district that are otherwise qualified as defined within Article III, Section C. herein. If no application is received from a qualified Residential Member from the vacant district, the Board may take either of the following actions:
- (i) Applications from any qualified Residential Member, from any district, may be considered for the vacant district seat; or
- (ii) The Board may allow the seat to remain vacant until the next regularly scheduled director election.
- (d) When the vacancy is for an at-large seat, applications will be accepted from any qualified Residential Member, as that term is defined in Article III, Section C. above.
- (e) The General Manager is authorized to prepare an application form for candidates desiring to be interviewed which application shall include the necessary information for management to verify that such applicant is qualified and eligible to be a board member consistent with Article III, Section C. herein.
- (f) Voting shall commence as follows:
- (i) If there are more than two (2) candidates, each member of the Board present shall write the name of the candidate he/she favors on a ballot, and the secretary shall then tally the ballots reporting which two (2) candidates have received the highest number of votes.
- (ii) Thereafter, the presiding officer shall ask if there is any further comment, discussion or debate before a roll call vote is taken, and if so, debate shall be held. A secret ballot may be requested by any director in which case that is how the vote will be conducted.
- (iii) If there is no debate, the presiding officer shall instruct the secretary to call the roll and at that time the Board members shall announce the name of one of the two candidates for which such director is voting, and the candidate receiving a majority of the votes shall be declared elected.
- (iv) If a tie vote occurs, the presiding officer shall call for further debate and voting shall again be by roll call vote. If a tie vote results again, voting shall be adjourned to the next regular meeting of the Board and shall continue in this fashion until a new director is elected.

SECTION F. Recall Petition and Filling Vacancies Created by Recall.

Residential Members may request that the Association submit a written, electronic or telephonic ballot to the Residential Membership for the purpose of removing an individual director and the election of a new director in the event the recall is successful. The petition must be signed by at least 5% of Eligible Voters within the respective At-Large area (to recall a director who has an At-Large seat) or 15% of Eligible Voters within the respective district (to recall a director who has a District Seat). The properly signed petition shall be delivered to the Association c/o the General Manager or the Assistant General Manager. Once the signatures have been verified to be those of Eligible Voters, the Association shall proceed to notify the Residential Membership (of the appropriate District or At-Large area) of a recall election as follows:

1. Association shall, within 45 days from the receipt of the recall petition, appoint an Inspector of Elections and distribute written, electronic or telephonic ballots to the Eligible Voters in the district or At Large area (dependent on whether the director at issue was elected to a district or At Large seat).
 2. Eligible Voters shall have at least fifteen (15) days from the date the ballots are distributed to cast their vote similar to a regular election.
 3. The results of the recall election shall be announced at the next regularly scheduled meeting of the Board following the deadline for voting. A recall of the director shall occur if the affirmative vote of at least a majority of all votes has been cast in favor of said recall.
 4. If the recall election result is YES that the director shall be recalled, then if the remaining term is twelve months or less, a majority of the remaining directors shall have the right but not the obligation to call a special election to fill the vacancy or leave the seat vacant until the next annual Board election at which time, the recalled director's seat would be up for election by the Residential Members consistent with the election cycle identified in Article III, Section B. above. If the Residential Members recall a director and the remaining term is more than twelve months, then the Board of Directors has the obligation to proceed with calling for a special election whereupon the Residential Members shall elect the succeeding director who shall serve the remaining balance of the vacated/recalled director's term.
- (j) Any special election to fill the vacancy of a recalled director shall be handled in a similar manner as provided for in the regular annual election under Article III, Section D. except that the director so recalled shall not be qualified/eligible to run in any election (to fill such vacancy created by the Residential Membership's approval of the recall).

SECTION G. Quorum

A majority of all directors shall be necessary to constitute a quorum for the transaction of business. 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.

SECTION H. 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 shall individually or collectively consent in writing to such action. Such written consent shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of such Directors.

SECTION I. Fees and Compensation

Directors shall receive no compensation for their services, but may receive such reimbursement for expenses as may be fixed by resolution of the Board.

SECTION J. Authority of the Board of Directors

The Board of Directors of Arrowhead Lake Association shall manage the affairs of the Association, except that it shall not be authorized to modify any action taken by the Residential Members at a duly authorized meeting.

The Board shall transact any business relating to the Association as an incorporated body, shall fix the place of business and shall employ such persons as are required to carry on the work of the Association.

SECTION K. Emergency Authority of the Board of Directors

An Emergency, as that term is used in this Bylaw, exists so long as both of the following events occur and/or remain in effect:

- 1) Any event described in California Corporations Code section 7140 subdivision (m) occurs; and
- 2) ALA is unable to readily convene a quorum of the Board of Directors as a result of that event.

In an Emergency, the following provisions shall apply to facilitate the Board of Directors' management of ALA in the ordinary course of business during the Emergency:

- 1) ALA can provide notice of a meeting to a director or directors in any practicable manner under the circumstances, including, but not limited to, by publication and radio, when notice of a meeting of the board cannot be given to the director or directors in the manner prescribed by the bylaws or Section 7211.
- 2) The necessary quorum for a meeting of the Board of Directors shall be reduced from four (4) to three (3). In the event that a quorum still cannot be reached despite the reduction in quorum requirement, certain ALA employees shall be designated as temporary Board Members so that the reduced quorum of three (3) can be achieved. If necessary, the following ALA employees shall be designated, in order, as temporary board members until the quorum of three (3) is achieved: ALA's General Manager; ALA's Administrative Supervisor, ALA's Lake Safety Supervisor, and ALA's Lake Operations Supervisor.
- 3) In an Emergency, as defined above, the Board of Directors shall have the authority to take any action, not inconsistent with the law, that the Board of Directors deems appropriate to effectuate the management of the ALA in the ordinary course of business despite the reduced quorum.
- 4) In an Emergency, as defined above, the Board of Directors shall have the authority to take any action authorized by California Corporation's Code section 7140 subdivision (m) despite the reduced quorum.

Once the emergency no longer exists or a quorum of the Board of Directors can be readily convened, Section K shall no longer be in effect.

SECTION L. Duties and Rules of Conduct of Directors

1. Each director shall perform the duties of a director, including duties as a member of any committee of the Board on which the director may serve, in good faith, in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
2. Each director owes a fiduciary duty and responsibility to the Association and to its Residential Members. This fiduciary relationship imposes obligations of trust and confidence in favor of the Association and its Residential Members, requiring each director to act in good faith and in the best

interests of the Association and its Residential Members. A duty is thus imposed upon each director to act with completely undivided loyalties and full honesty.

3. No director shall discuss confidential information considered by the Board in closed session, either orally or in writing, with any non-director without the prior written consent of the Board of Directors.
4. No director shall voluntarily undertake for compensation, either directly or indirectly, any action in support of or at the request of any person or organization presently having any matter pending before the Association for its review or approval. This shall include threatened and actual litigation, claims and assessments of any nature.
5. Each director is obligated to inform the Board or appropriate committee of the Board of all relevant information which impacts the Association, its assets or financial condition of the Association of his or her knowledge and in his or her possession concerning any matters pending before the Board or a committee of the Board, and any litigation involving the Association, including the full disclosure in advance of any actions or discussions he intends to undertake concerning such matters involving any non-director.
6. In performing his or her duties, each director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:
 - (a) One or more officers or employees of the Association whom the director believes to be reliable and competent in the matters presented;
 - (b) Counsel, independent accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or
 - (c) A committee of the Board on which the director does not serve, as to matters within its designated authority.
 - (d) As otherwise provided by Section 7321 of the Corporations Code, as same may be amended from time to time.
7. No individual director shall direct staff other than by majority of the Board of Directors, except that the President or the Executive Committee may give direction to the General Manager or the Assistant General Manager.
8. No individual director may issue a public statement or policy position to the media on behalf of the Association. Only the majority of the Board of Directors shall have such authority and only the Board of Directors shall direct who may issue such statements/positions on behalf of the Association.
9. A director shall be entitled to review all books and records (as that term is defined below) of the Association except those portions of personnel records that are subject to privacy and/or confidentiality rights (such as medical records and/or other confidential information as determined from time to time by the Association's consulting human resources firm or if none is such available, its corporate counsel). For purposes of these Bylaws and in order to protect the privacy rights of all Residential Members, the term "books and records" expressly excludes the mailing list, email addresses and phone numbers of Residential Members that are in the possession of the Association. Consistent with Article III, Section C., subsection 7., in order to be qualified to be nominated, appointed or remain a director of the Association, such persons must agree to the definition of "books and records" as set forth in these Bylaws and expressly waives any expanded definition of "books and records" as that term may be interpreted or defined by statute or in a court of law pursuant to Corporations Code §8334 (or any successor statute). However, any director or

Residential Member who wishes to communicate with the Residential Membership shall be provided the reasonable alternative of having the Association mail the materials the director or Residential Member wishes to send to the Residential Membership provided that said materials do not include libelous content ("Mailing"). Any such Mailing shall be at the sole cost and expense of the Residential Member or director.

SECTION M. Dealings Between Association Leader and Association

Except for sole source contracts approved by a vote of the Directors, staff, directors or officers and/or staff, directors or officers' immediate family members (collectively, all of the above "Association Leader") shall be prohibited from bidding on or receiving any oral or written contract (or receive an assignment of such contract) for any consideration whatsoever by and between the Association and the Association Leader. For purposes of this provision, "immediate family members" shall mean and include spouse, domestic partner, parents, children and siblings. Similarly, except for publicly traded entities that provide a service to both the Association and residences within Arrowhead Woods, the Association is prohibited from entering into an oral or written contract for any consideration with any business entity (such as a limited liability company, corporation, limited partnership, general partnership, sole proprietorship, etc.) in which any Association Leader has any interest in said business entity. The term sole source contract as used herein means a contractor or vendor providing goods or services of such a unique nature or sole availability that the contractor/vendor is the only practical source to provide the goods or services to the Association. The provisions of this paragraph may be only amended or changed by a vote of the Residential Members of the Association. This Article III, Section L. shall not relate / apply to employment agreements between the Association and staff.

SECTION N. Enforcement of Duties of Directors

In addition to the vacancies that can be declared by the Board as set forth under Section E. of this Article III, the Board shall have the following censure rights:

1. The Board shall have the right to censure any director who violates the Association's governing documents including these Bylaws and/or any Association rules and regulations. The procedure to be followed in such circumstances shall be as follows:
 - (a) Any three (3) directors may call for censure ("Censure Request").
 - (b) The Board shall give at least 15 days' notice to the director subject to censure of a closed session hearing before the Board to address the censure request.
 - (c) A hearing as described in Article III, Section M., paragraph 1 shall be conducted according to such reasonable rules and procedures as the Board shall adopt from time to time which shall provide that the director subject to the proposed censure shall have the right to be represented by counsel, at his/her sole cost and expense, and to present any oral and written information that such Director wishes the Board of Directors to consider prior to a determination of whether there was or was not a violation of the Association's governing documents. At the conclusion of the hearing, the Director subject to censure shall recuse himself/herself and shall leave the room (and, to the extent, that said Director was represented by counsel, said counsel must also leave the room). Thereafter, the chair of the hearing shall call for a vote to determine whether or not there was a violation of the governing documents and, if so, should a censure proceed. If the Board determines there was a violation of the governing documents and that censure is appropriate, the Board will have a second vote to determine which of the two possible censure processes should be followed:
 - (i) Private censure. Private censure shall be a private rebuke with a request that the offending director not violate the governing documents again.

- (ii) Public censure. A public censure shall mean a letter mailed to the Residential Membership advising of the censure. Said letter shall also be placed on the Association's website for a period of time not to exceed 90 days.

SECTION O. Acceptance of Duties by Director Candidates

The General Manager is directed to request any candidate who runs for the Board to execute the following statement as part of the nomination application:

"As a candidate for the Board of Directors of the Arrowhead Lake Association, I have read the Articles, Bylaws and Duties of Directors regarding conduct of members of the Board of Directors as set forth in the bylaws, and agree to be bound by the provisions contained therein. Furthermore, as a candidate for the Board of Directors I agree to abide by the Campaign Guidelines contained herein and agree that the Election Committee has jurisdiction over me to impose a fine if the Election Committee determines that I violated the Campaign Guidelines. I further agree to protect the privacy rights of the individual Residential Members and, as such, agree to the definition of "books and records" as set forth in Article III, Section K.9 of these Bylaws."

ARTICLE IV MEETINGS OF DIRECTORS

SECTION A. Board Meetings

An "open session" of the Board of Directors shall mean a regular or special Board of Directors meeting where Residential Members of the Association may attend.

A "closed session" of the Board of Directors shall mean a meeting where only directors, officers, corporate counsel, management and invited staff/guests may attend. A closed session of the Board of Directors can be held to discuss any and all legal matters, matters related to the formation of or in any relationship to any contract involving the Association, personnel matters, and member discipline. Except in the case of an emergency related to property damage, life safety issues and material financial interests, any closed session of the Board of Directors can be noticed to the Board members on two days' notice (which notice can be made by email, phone, facsimile, mail or other electronic means).

A closed session of the Board of Directors may be called by the President, General Manager, Assistant General Manager or any two Board members (identifying the agenda items for such closed session). A closed session can be called during an open session of the Board of Directors meeting or independent of an open session Board of Directors meeting. To the extent that the subject matter of a closed session involves a potential disciplinary matter involving an individual Board member (either by disclosure by the individual Board member or by determination of the vote of the Board of Directors), then the individual Board member must recuse himself/herself from the closed session and physically leave the building/room where the closed session is taking place until such time as that subject matter is no longer being deliberated.

Closed session minutes are confidential and shall be kept in a secure place in a separate minute book. Only members of the Board of Directors, corporate counsel and those management employees and other designated representatives of the Association shall be entitled to review closed session minutes. Closed session minutes shall not be considered a type of minutes or "accounting books and records" which are available to the Residential Membership under Corporations Code §8333.

Meetings of the Board shall be called and held as may be ordered by the Board.

Unless the Board provides notice of a different date and time, the regular meetings of the Board shall be held on the fourth Saturday of the months January, March, June, July, August, September and October. The May meeting will be held on the second or third Saturday of the month. The November meeting will be held on the third Saturday of November (the open session Board meetings scheduled above shall be collectively referred to as Regular Board Meetings). All meetings will be held in Lake Arrowhead at 9:00 AM.

All Regular Board Meetings shall be governed by an agenda. Items may be placed on the agenda by either the President, the General Manager, the Assistant General Manager or any two Board members. Agenda items must be communicated in writing (via email, facsimile or letter) to the General Manager and the presiding officer not less than ten (10) days prior to the commencement of the meeting, except that if expressly waived by the presiding officer, such communication may be accepted orally or by telephone. Oral or telephonic communication on this subject is to be used only in the case of emergencies.

Any and all motions purporting to effect any change at all in the Bylaws or any of the rules and regulations of the Association adopted pursuant thereto, must be in writing with a copy provided to each member of the Board present at any meeting at which discussion of or action on such motion is sought.

Said items on the agenda will control the order of business at the Regular Board Meetings. Each Regular Board Meeting's agenda shall have a classification of consent agenda, old business, new business and any other action item. By the vote of the directors, the Board may instruct the presiding officer to place particular items of new business on the agenda for the next succeeding regular or special meeting of the Board. Special or emergency open session Board meetings as well as all closed sessions shall have an agenda limited to the item(s) that were at a minimum, generally identified in the notice for such emergency or special open session Board meeting as well as any closed session.

SECTION B. Notice to Directors.

Except for Regular Board Meetings held in accordance with the above schedule, notice of any other open session Board meetings (except emergency meetings), shall be communicated to the Directors not less than four (4) days prior to the meeting by any method permitted by California Corporations Code. However, prior to or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the timely giving of such notice. Attendance by a Director at any meeting of the Board shall also be deemed a waiver of notice by him/her.

SECTION C. Notice to Residential Members.

Except for a closed session, an emergency Board meeting and Regular Board Meetings, the notice of the date, time and place of any other Board meeting shall be posted on the Association's website and on the community board outside the Association's administrative building at least four (4) days in advance of the meeting.

The Association shall give notice of the date and time of any closed session (at least 48 hours prior to the closed session) by placing a notice of the closed session on the Association's website.

SECTION D. Disposition of New Business.

When business not on the agenda is brought before the Board, which, in the opinion of any director, substantially affects the rights or obligations of the Association or any of its members, or which purports to amend the Bylaws or any rules or procedures of the Association, the presiding officer or by the vote of the directors shall, before any action is called for thereon, refer the same to the appropriate committee which is generally charged with the subject matter.

An item deemed by the presiding officer, Executive Committee, General Manager or Assistant General Manager to be of an emergency nature may be presented for Board action by conference call or any other lawful means as prescribed by California Corporations Code. Such action shall be set forth in minutes properly taken.

SECTION E. Voting.

A "2/3rd vote of all directors" shall mean a vote of all directors exclusive of any vacancy. For example, a 2/3rd vote of all directors where there is one vacancy shall mean an affirmative vote of 2/3rd of six directors or 4 directors. The term "the vote of the directors" shall mean an affirmative vote of a majority of a quorum of directors. Similarly, a term of "a majority of all directors" shall mean a majority of all directors such that for example if there are only five directors with two vacancies, a majority of all directors shall mean 3 directors.

When any motion or matter is put to a vote of the Board, the manner of voting shall be by voice vote.

If any member of the Board requests a roll call vote, no second shall be required, and the presiding officer shall instruct the recording secretary to call the roll and record the vote in this manner.

This method of voting shall apply to all voting, except that the procedure set forth in Article III, Section E. shall take precedence over this method of voting when voting upon the selection of a director.

**ARTICLE V
OFFICERS**

For purposes of these Bylaws and / or any other governing document of the Association, wherever the term "presiding officer" is used, it shall mean the President, or in the absence of the President, the Vice-President.

SECTION A. Officers

The Officers of the Association shall be: President, Vice President and Secretary / Treasurer.

All of said officers shall be known as and comprise the executive committee of the Association.

The Association may also have such other officers as may be appointed by the Board. No person may hold more than one (1) office, except for Secretary/Treasurer.

SECTION B. Election

As soon as the newly elected Directors are seated/installed at the end of the regularly scheduled Board meeting in October, the new Board shall meet to elect the officers of the Association. The officers shall serve for one (1) year or until their successors are elected, except as indicated herein. Each officer shall hold his or her office at the pleasure of the Board and the Board may remove an officer from office either with or without cause with a majority vote of all Directors. An officer may resign at any time by giving notice to the Board, the President or the Secretary/Treasurer. Any Director seeking the office of President shall have served as a Board Member for the previous six (6) months.

SECTION C. Vacancies in Office

Vacancies in office shall be filled by appointment of the Board, or by the President until such appointment can be made by the Board.

SECTION D. President

The President shall preside at all meetings of Residential Members and meetings of the Board, chair the Executive Committee and shall otherwise have the duties and responsibilities as set forth in these Bylaws.

SECTION E. Vice President

The Vice President shall, in the absence or disability of the President, perform all of the duties of the President, and when so acting shall have the powers of, and be subject to the restrictions upon, the President.

SECTION F. Secretary/Treasurer

The Secretary/Treasurer shall keep or cause to be kept at the principal office of the Association a book of minutes of all meetings of directors and Residential Members, with the time and place of holding, how called or authorized, the notice thereof given, the name of those present at directors' meetings, the number of Residential Members present or represented at a Residential Member's meeting, and the proceeding thereof.

The Secretary/Treasurer, as the term is used herein, also includes any and all acts of a recording secretary, if any, whose activities shall be under the supervision of the Secretary/Treasurer.

The Secretary/Treasurer shall keep or cause to be kept and maintained adequate and correct books of account showing the receipts and disbursements of the Association, and an account of its cash and other assets, if any.

The Secretary/Treasurer shall cause to be deposited all monies and other valuables of the Association with such depositories as are designated by the Board, and shall disburse the funds of the Association as may be ordered by the Board, and shall render to the President or the Board, upon request, statements of the financial condition of the Association.

The Secretary/Treasurer shall also serve as chairperson of the Finance Committee.

SECTION G. Executive Committee (Suspended by Board of Directors until further notice: Board Approved on: May 19, 2018)

The Executive Committee of the Board shall be comprised of the President, Vice President, and Secretary/Treasurer. Any two (2) of them acting together constitutes a quorum. The President shall be the chairperson of the Executive Committee.

The Executive committee shall be empowered to meet with legal counsel, accountants and other technical advisers, and among themselves to discuss and formulate recommendations to the full Board.

The Executive committee shall be empowered to give guidance on such matters or to such advisers, but their opinions and actions shall be advisory only and not be in any way binding upon the Board.

The President and/or executive committee shall have the authority to answer questions and give direction to the General Manager as such direction may be required from time to time.

Executive Committee meetings are closed sessions. Except for when an individual Board member is the subject matter during a portion of the Executive Committee discussion (in which case, the Board member shall recuse himself/herself in a similar fashion as if it was a closed session), Board members may attend Executive Committee meetings but shall not participate in any discussions or any deliberations unless approved by a majority of the Executive Committee. An Executive Committee meeting may be called by the President, any two members of the Executive Committee or the General Manager. An Executive Committee meeting can be noticed on 24 hours' notice (via email, facsimile, letter or phone).

ARTICLE VI COMMITTEES

SECTION A. Standing Committees

The Association shall have the following standing committees: Executive, Finance, Forest and Vegetation, Lake Safety, Lake Operations and Maintenance, Fish and Shoreline Improvements. The purpose, responsibilities and authority of each committee shall be identified from time to time in the committee charters (see Article VI, Section C. herein).

SECTION B. Chairpersons and Members

1. The President shall recommend, for Board approval, all committee chairpersons. All other Residential Members of a committee shall be appointed by the President with the concurrence of the chairperson; provided, however, if there is a disagreement between the President and the chairperson as it relates to any Residential Member of a particular committee, such disagreement shall be resolved by Board action. Committee members shall be Residential Members in good standing as such term is defined in Article II, Section A., subsection 3. of these Bylaws. Following consultation / concurrence with committee chairperson, the President may remove and replace any committee members other than the chairperson. As it relates to the chairperson, the President can recommend, for Board approval, any removal and replacement of the chairperson. Any committee chairperson may recommend to the President additions to and removals from any committee.
2. No more than three (3) Directors (excluding the President) may serve on a Committee unless approved by the Board.
3. The President shall be an ex officio member of all committees, shall have the right to attend, and participate at all committee meetings. The President shall have no voting rights on a committee unless a committee member is absent and, in such case, the President's attendance may count towards a quorum and the President may vote in the absence of said committee member. Except as indicated above, there may not be more than one Residential Member from the same Residential Membership on the same committee unless the board approves otherwise by a motion reflected in board minutes.
4. Non-members of the Association may be non-voting advisors to committees.

SECTION C. Charters

The charters for the respective committees referred to in Article VI, Section A. are attached hereto and made a part hereof by this reference as Exhibits F, G, H, I, J, K and L. Said committee charters may be amended from time to time as necessary by a resolution approved by a majority of all directors and, thereafter, the General Manager is authorized to attach the amended charter as an exhibit to these Bylaws and delete the superseded charter.

ARTICLE VII MISCELLANEOUS

SECTION A. Execution of Documents

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instruments in the name of and on behalf of the Association and such authority may be general or confined to specific instances; and, unless so authorized by the Board, no officer, agent or other person shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

SECTION B. Inspection of Bylaws

The Association shall keep in its principal office the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the secretary, which shall be open to inspection by the Residential Members at all reasonable times during office hours.

SECTION C. Construction and Definition

Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the California General Non-profit Corporation Law shall govern the construction of the Bylaws.

SECTION D. Rules of Order

The rules contained in "Robert's Rules of Order, Newly Revised" shall govern all Residential Members' meetings and open session directors' meetings of the Association, except in instances of conflict between said rules of order and the Articles or Bylaws of the Association or provisions of law, which shall prevail.

In any instance of conflict between "Robert's Rules of Order, Newly Revised" and the Articles or Bylaws or any other rules and regulations or provisions of the Association, such provisions of the Association shall control.

A parliamentarian will render parliamentary advice at any and all meetings upon the request of the President or any member of the Board or the President may act as parliamentarian.

SECTION E. Fiscal Year

ALA's fiscal year shall begin on January 1 and terminate on December 31 of each year. ALA's Residential Membership Year shall begin on April 1 of each year and terminate on March 31 of the following year.

SECTION F. Accounting Books and Records

ALA will provide ALA members with the right to inspect and copy the following documents upon receipt of a written request which complies with the California Corporations Code:

The accounting books and records and minutes of proceedings of the members and the board and committees of the board shall be open to inspection upon the written demand on the corporation of any member at any reasonable time, for a purpose reasonably related to such person's interests as a member.

SECTION G. Relocations, Adjustments, Sales, and Ownership by the Arrowhead Lake Association

The Association may not sell any new dock site or dock slip or grant a new right or entitlement for a dock slip. The Association shall have no more than one hundred and eighteen (118) slips for the purpose of renting mooring to Residential Members.

ALA shall not require any single-use pier or dock to be substituted with a slip or slips in a multiple-slip dock or marina as described in Paragraph 8 of the 1964 Agreement.

Every owner of an improved lot in Arrowhead Woods who has a dock on the Lake and/or a pier on the strips may be required by ALA to alter or relocate their dock or pier when reasonably necessary for improvement of docking facilities or access to the Lake. Such right of alteration and/or relocation shall not be arbitrarily required. Any such alteration and/or relocation shall be made to a location or facility as close to existing dock location as is practicable.

Any owner of a lot in Arrowhead Woods whose pier or dock would be affected by any alteration and/or relocation shall have the right to arbitrate (as hereinafter provided) any or all of the following:

- (a) whether such alteration and/or relocation is reasonably necessary for improvement of docking facilities on or access to the Lake; and,

- (b) whether the substitution proposed is to a location or facility as close to the existing dock location as is practicable.

The decision of the arbitrators shall be final, and if such decision is in the negative as to any of the arbitrated questions, the proposed substitution shall not be made.

The right of a lot owner, or group of lot owners to have a dispute submitted to arbitration shall be exercised by the lot owner or group of lot owners requesting the same. The lot owner or group of lot owners shall choose one arbitrator. The ALA shall choose one arbitrator. The two arbitrators selected shall select a third arbitrator between them. In the event they are unable to do so the matter shall be presented to the American Arbitration Association who shall select a third arbitrator. The arbitration shall take place before the panel of three arbitrators. The vote of any two of the three arbitrators shall be sufficient for an award.

The provisions of this paragraph may be only amended or changed by a vote of the members of the Association.

SECTION H. ALA Voluntary Dispute Resolution Procedures

Although Arrowhead Lake Association ("ALA") hopes that disputes between its members will not occur, ALA believes that when these disputes do arise it is in the mutual interest of all concerned to handle them promptly and without cost to the members. Accordingly, to provide for an expeditious resolution of member disputes ALA has instituted a voluntary mediation and hearing procedure (the ALA Mediation and Hearing Procedure or the Procedure) which may be utilized by all ALA members.

Under the Procedure, disputes involving ownership of piers, docks, shoreline walk ways, stairways and personal property located on the ALA reserve strips, reserve strip additions or buffer zones may be submitted to the ALA for resolution by non-binding mediation and, if necessary, a binding hearing before ALA's Board of Directors. ALA will sponsor both mediation and the hearing at no cost to the members. The Procedure is voluntary and is not intended to limit the right of any ALA member to have their dispute resolved by the Superior Court of the State of California or other appropriate court instead of by utilizing the Procedure.

In the event any ALA member wishes to use the Procedure the following must occur:

1. All ALA members involved in the dispute must agree in writing to use the Procedure.
2. All members involved in the dispute must agree in writing to the rules of the Procedure.
3. All members involved in the dispute must agree in writing to attend non-binding mediation and, if the mediation is not successful, the members have the option to attend a hearing before the ALA Board of Directors, the results of which will be binding. Both the mediation and the hearing will take place at the ALA office at a time set by ALA.
4. The burden of proof at the hearing shall at all times be on the party seeking relief.
5. In reaching a decision, the members of ALA's Board of Directors shall review all evidence presented. The Board shall have the power to award all remedies that could be awarded by a court. The Board shall provide the members with a written decision within 14 days of the date of the hearing.

SECTION I. Disclosure of Members' Contact Information

Pursuant to California Corporations Code sections 8330 et seq., if a written request from an ALA member ("Requesting Member"), for a purpose ALA believes is reasonably related to the Requesting Member's interest as a member of ALA, to inspect and copy the record of all the members' names, addresses and voting rights is personally served on, or sent by email to the Secretary of ALA's Board of Directors at the Secretary's ALA email address, or sent by email to members@ala-ca.org, ALA shall, within ten (10) business days, respond to the Requesting Member and either allow the inspection or propose a reasonable alternative to actually allowing the inspection and copying of the records to maintain the privacy of the membership.

ARTICLE VIII AMENDMENTS

Bylaws may be adopted, amended or repealed, or these Bylaws may be amended or repealed, by the written consent of the Residential Members representing a majority of a quorum via a ballot measure or at a meeting duly called for the purpose of amending the Articles or Bylaws, or by the Board subject to the power of the Residential Members to change or repeal the Bylaws. Residential Members shall be provided with at least fifteen (15) days' notice of any proposed Bylaws adoption, amendment or repeal being considered by the Board before the board may take such action to adopt, amend, repeal the Bylaws. The fifteen (15) day notice to the Residential Members shall be provided by posting the proposed Bylaws changes on the Association's website as well as posting a notice (on the community board outside the Association's administrative building) that a copy of the proposed Bylaws changes are available (at no cost to the Residential Member) at the Association's administrative building. A 2/3rd vote of all Directors is required to adopt, amend, repeal or change these Bylaws. A simple majority of Directors may change the Regular Board meeting date.

Any and all rules and regulations of the Association, which shall from time to time be promulgated or adopted, may be amended in the same manner as set forth hereinabove.

EXHIBIT A

District Divisions

EAST

Arrowhead Woods Tract No.	San Bernardino Co. Tract No.
97	N/A
400	N/A
583	N/A
687	N/A
722	N/A
753	N/A
882	N/A
N/A	1374
N/A	1377
R	2262
70	2272
71	2283
72	2285
2	2301
73	2434
11	2481
74	2487
15	2526
77	2542
N/A	3386
N/A	3970
N/A	4918
N/A	6262
N/A	6851
N/A	7184
107	7417
N/A	7618
N/A	9692
N/A	10503
N/A	10908
N/A	10944
Village Condos	11655
N/A	12126
Cedar Ridge	12783
Cedar Ridge	12783-1
Cedar Ridge	12783-2
N/A	14416
N/A	14760

EXHIBIT B

District Divisions

SOUTH

Arrowhead Woods Tract No.	San Bernardino Co. Tract No.
50	N/A
51	N/A
53	N/A
55	N/A
56	N/A
58	N/A
59	N/A
63	2159
75	2486
76	2492
63A	2498
62	2500
109	7514
116	7933
N/A	8154
N/A	8460
Edgewater Shores	8650
Lake Arrowhead	
Chalets	8663
Village Cove	9790
N/A	11656
Village Condos	11657
N/A	15333

EXHIBIT C

District Divisions

NORTH

Arrowhead Woods Tract	San Bernardino Co. Tract
No.	No.
6	N/A
7	N/A
96	N/A
294	N/A
582	N/A
5	2418
10	2497
12	2499
8	2766
9	2801
N/A	3275
N/A	5761
N/A	6050
N/A	6583
102	6782
N/A	6849
N/A	6850
N/A	6851
103	7074
N/A	7184
Forest Shores	733
108	7513
Forest Shores	7658
111	7775
112	7776
114	7911
126	8490
N/A	9168
N/A	11604

EXHIBIT D

District Divisions

WEST

Arrowhead Woods Tract No.	San Bernardino Co. Tract No.
N/A	3111
Hamiltair #1	6189
104	7201
105	7272
Country Club Villas	7710
113	7891
117	7982
Point Hamiltair	8173
124	8232
Meadow Bay Condos	8288
Meadow Bay Condos	8384
N/A	8385
N/A	8386
N/A	8439
N/A	8676
N/A	9972
N/A	9973
N/A	10198
N/A	10198-1
N/A	10746
N/A	10809
N/A	10836
N/A	11040
N/A	14008
N/A	14599

EXHIBIT E

District Divisions

GRASS VALLEY

Arrowhead Woods Tract No.	San Bernardino Co. Tract No.
100	6397
101	6489
106	7415
N/A	7515
115	7915
118	7983
119	7985
121	8053
N/A	9785
N/A	9785-1
N/A	10139
N/A	10608
N/A	10608-1

EXHIBIT F EXECUTIVE COMMITTEE CHARTER

(Suspended by Board of Directors until further notice: Board Approved: May 19, 2018)

MEMBERSHIP

The Executive Committee of the Board of Directors shall be comprised of the President, Vice President, Secretary/Treasurer, or any two (2) of them together. The President shall chair this committee.

RESPONSIBILITIES

1. Review and recommend changes and updates to the Employee Handbook as needed.
2. Review and recommend changes and updates to the Bylaws, Policies and Procedures of the Association as needed.
3. Review wage, bonus and staffing recommendations from the General Manager prior to budget review.
4. Review and make recommendations regarding legal matters in accordance with the Bylaws.
5. Review all legal fees submitted to the Association.
6. Review and negotiate any and all leases.
7. In conjunction with the General Manager, review individual member grievances and make recommendations to resolve the issues.
8. Review and make recommendations regarding any Special Project as directed by the Board of Directors.
9. Review General Manager's performance, salary and benefits on an annual basis.
10. Review and make recommendations regarding the Association's employee pension, profit sharing and medical plans.

ACCOUNTABILITY

The Executive Committee shall be accountable to the Board of Directors. The recommendations of the Executive Committee to the full Board of Directors shall be considered by the Board and acted upon when placed upon the agenda.

The Executive Committee shall be empowered to meet with legal counsel and other technical advisors, and among themselves to discuss and formulate recommendations to the full Board of Directors.

EXHIBIT G FINANCE COMMITTEE CHARTER

PURPOSE

The Finance Committee is responsible for the review and recommendations to the Board of Directors of those issues that relate to financial matters of the Association.

CHAIRPERSON

The Secretary/Treasurer of the Association as directed by the Bylaws shall chair the Finance Committee.

RESPONSIBILITIES

1. Review and recommend the annual budget (operating and capital budgets) for approval in compliance with the Budget Timeline Policy.
2. Review and monitor the cash flow and budget performance throughout the fiscal year.
3. Review and recommend approval or disapproval for funding in excess of established budget in accordance with the Budget Management Policy. (See Attached)
4. Review and make recommendations regarding the Association's insurance plans and policies.
5. Review and make recommendations on the investment policy.
6. Monitor investments and financial statements on a monthly basis.
7. Review and recommend changes and updates to the Bidding Process and Purchasing Policy.
8. Review and recommend changes and updates to the Associations Reserve Study in compliance with the Reserve Study Policy.
9. Review and recommend changes and updates to any other financial matters that may, from time to time, come before the Association.
10. Administration and monitoring of the financial control calendar.

ACCOUNTABILITY

The Finance Committee shall be accountable to the Board of Directors. All policy recommendations shall come before the Board for approval.

(Approved 07-27-2019)

EXHIBIT H LAKE SAFETY COMMITTEE CHARTER

PURPOSE

The Lake Safety Committee is responsible for the review and recommendations to the Board of Directors policies addressing those issues that relate to lake activity and safety.

CHAIRPERSON

The President of the Association shall appoint the Lake Safety Committee chairperson upon approval of the Board. The Chairperson shall be a Director unless no Director is willing to serve.

RESPONSIBILITIES

1. Review and recommend rules and policies regarding lake activity and safety on ALA properties, including but not limited to: boating, swimming, towed devices and sailing.
2. Review and make recommendations regarding testing of boat operators and issuance of ALA boat operators license.
3. Review and make recommendations regarding allowable size and types of crafts, vessels and water sports equipment.
4. Review and recommend buoy placement and identification, including identification of lake hazards.
5. Review and recommend requests for all events that take place on the lake.
6. Review and make recommendations regarding fines associated with non-compliance of Boat Membership Rules, Boating & Swimming Rules, Fishing Rules and any Lake Safety Policy or Procedure.
7. Conduct hearings of violations cited by Lake Safety Personnel or as provided for in the Association membership rules.

ACCOUNTABILITY

The Lake Safety Committee shall be accountable to the Board of Directors. All policy recommendations shall come before the Board for approval.

(Approved 09/22/2018)

(Reviewed by Lake Safety Committee 1/2019)

EXHIBIT I LAKE OPERATIONS AND MAINTENANCE COMMITTEE CHARTER

PURPOSE

The Lake Operations & Maintenance Committee is responsible for review and recommendations of policy to the Board of Directors for those issues that relate to the operation, general maintenance and construction of facilities owned and operated by the Association.

CHAIRPERSON

The President of the Association shall appoint the Lake Operations & Maintenance chairperson upon approval of the Board. The Chairperson shall be a Director unless no Director is willing to serve.

RESPONSIBILITIES

1. Review and recommend policies regarding lake management (including ecological health), silt removal, weed abatement, erosion control, the outlet system, and siltation basin management and development.
2. Review and recommend policies regarding ALA facilities and/or improvements and recommend repairs and improvements.
3. Review and recommend policies regarding the maintenance and improvement of all ALA trails and accesses.
4. Coordinate planning for the future use of the ALA facilities.

ACCOUNTABILITY

The Lake Operations Committee shall be accountable to the Board of Directors. All policy recommendations shall come before the Board for approval.

(Approved 10/26/2019)

EXHIBIT J

SHORELINE IMPROVEMENTS COMMITTEE CHARTER

PURPOSE

The Shoreline Improvements Committee is responsible for the review and recommendation to the Board of Directors policies addressing those issues that relate to member improvements on the lake or on ALA property (i.e., docks, piers, patios, stairs, walls, walkways dock houses and utilities) as well as to act as the hearing tribunal as set forth below.

CHAIRPERSON

The President of the Association shall appoint the Shoreline Improvements Committee chairperson upon approval of the Board. The Chairperson shall be a Director unless no Director is willing to serve.

RESPONSIBILITIES

- 1 Review and recommend rules and policies regarding member improvements to ALA Properties and dock placement.
- 2 Review and update the "Regulations for Member Improvements on ALA Properties".
- 3 Review and recommend policies regarding the Slip Membership Rules with respect to maintenance and repair of dock and other improvements.
- 4 Process Applications for Member Improvements not covered in the regulations (submitted by members or approved contractors) and sent to committee by ALA Staff.
- 5 Review and make recommendations regarding fines associated with maintenance of member docks and piers and non-compliance of Shoreline Regulations.
- 6 Conduct hearings of violations cited by Shoreline personnel or as provided for in the Association's membership rules.

ACCOUNTABILITY

The Shoreline Improvements Committee shall be accountable to the Board of Directors. All policy recommendations shall come before the Board for approval.

(Approved 10/26/2019)

EXHIBIT K FISH COMMITTEE CHARTER

PURPOSE

The Fish Committee is responsible for the review and recommendation, to the Board of Directors, policies addressing fishing, fish habitat and the stocking of Lake Arrowhead and Grass Valley Lake.

CHAIRPERSON

The President of the Association shall appoint the Fish Committee chairperson upon approval of the Board. The Chairperson shall be a Director unless no Director is willing to serve.

RESPONSIBILITIES

1. Review and recommend policies regarding fishing, fish management and any other fish issues.
2. Review and recommend the implementation of the Fishing Tournaments, Derbies and/or Fish Rodeos annually.
3. Review and recommend Fish Committee's budgetary needs.
4. Review and recommend fish habitat projects.
5. Review and recommend changes to the "Fishing Rules" and the "Boating and Swimming Rules" as they relate to fishing matters.

ACCOUNTABILITY

The Fish Committee shall be accountable to the Board of Directors. All policy recommendations shall come before the Board for prior approval.

(Approved 03/23/2019)

(Revised 04/24/2021)

EXHIBIT L FOREST AND VEGETATION COMMITTEE CHARTER

PURPOSE

The Forest and Vegetation Committee is responsible for the review and recommendation to the Board of Directors policies on those issues that relate to ALA Forest and Vegetation Management and Planning.

CHAIRPERSON

The President of the Association shall appoint the Forest and Vegetation Committee chairperson upon approval of the Board. The Chairperson shall be a Director unless no Director is willing to serve.

RESPONSIBILITIES

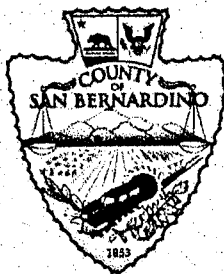
1. Review and recommend policies regarding member landscaping, including member thinning of trees and shrubs on ALA properties.
2. Prepare and maintain a list of plant materials acceptable or unacceptable for planting on ALA property.
3. Process applications for member reforestation and/or landscaping on ALA property submitted by members or approved contractors and sent to committee by ALA staff.
4. Serve as a hearing panel or committee for members' appeals of staff and/or committee decisions related to this committee's purpose.
5. Planning for the future use of the ALA forest and park grounds.
6. Ensure that ALA policies related to this committee's purpose, adheres to local, state and federal fire hazard abatement codes and laws.

ACCOUNTABILITY

The Forest and Vegetation Committee shall be accountable to the Board of Directors. All policy recommendations shall come before the Board for approval.


(Approved 05/25/2019)

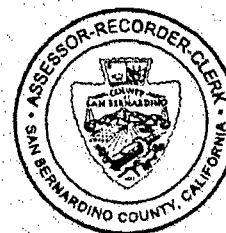
EXHIBIT D



The Recorder-County Clerk Certification

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE PUBLIC
RECORD, DOCUMENT NUMBER 1983-0164729 OAS
CONSISTING OF -13- PAGES, ON FILE IN THIS OFFICE.


Bob Dutton
Assessor-Recorder-County Clerk
San Bernardino County, CA



2021-00027

0416/SGS49
5/26/83

RECORDED AT THE REQUEST OF
TICOR TITLE INSURANCE COMPANY

83-164729

RECORDING REQUESTED BY:
Arrowhead Lake Association

WHEN RECORDED MAIL TO:
Arrowhead Lake Association
c/o Stephen B. Shore
Attorney at Law
Post Office Box 1956
Lake Arrowhead, CA 92352

RECORDED IN OFFICIAL RECORDS
JUL 22 1993 AT 8 30 A.M.
SAN BERNARDINO COUNTY, CALIF.

15.00
B

83-164729

GRANT OF EASEMENT APPURTENANT

Agreement made this 31st day of May, 1987 by and between ARROWHEAD MUTUAL SERVICE COMPANY and BOISE CASCADE HOME & LAND CORPORATION, hereinafter referred to as GRANTOR, as their respective interests may appear, and ARROWHEAD LAKE ASSOCIATION, a California Non-profit Corporation, its agents and employees, hereinafter referred to as GRANTEE.

A. WHEREAS, GRANTOR is the owner of certain real property described in Exhibit "A" attached hereto and incorporated herein by this reference, hereinafter referred to as the Servient Tenement; and

B. WHEREAS, GRANTEE is the owner of a portion of certain real property described in Exhibit "B" attached hereto and incorporated herein by this reference, hereinafter referred to as the Dominant Tenement; and

C. WHEREAS, the term "Arrowhead Woods" means lands in the County of San Bernardino, State of California, situate in Township 2 North, Range 3 West, San Bernardino Base and Meridian, lying within the boundaries shown upon the map which is attached hereto marked Exhibit "C" and incorporated herein by this reference; and

D. WHEREAS, the term "Member" means each and every owner of real property in the area known as Arrowhead Woods; and

E. WHEREAS, GRANTEE desires to acquire certain irrevocable rights for itself, the Members, and their invitees and guests in the Servient Tenement which GRANTEE believes were bargained for but not adequately set forth in writing when said

Dominant Tenement was transferred to GRANTOR by Deed dated October 30, 1975, and recorded October 31, 1975 in Book 8796, pages 164 and 197 of Official Records, San Bernardino County, State of California.

NOW, THEREFORE, it is agreed as follows:

1. The recitals set forth above (A-E) are hereby incorporated in the operative provisions of this Agreement which grants an easement appurtenant.

2. GRANTOR hereby irrevocably grants to GRANTEE, each Member and each Member's invitees and guests, an easement over, along and across the Servient Tenement for the following purposes (hereinafter collectively referred to as the EASEMENT).

a. Ingress and egress over, along and across the Servient Tenement for purposes of access to the Dominant Tenement;

b. A right of way over, along and across the Servient Tenement for vehicular and pedestrian travel.

3. At all times after recordation of this Grant of Easement Appurtenant, GRANTOR shall have the following obligations with regard to the EASEMENT granted herein:

a. GRANTOR shall be required to keep said Servient Tenement in a reasonably good state of maintenance and repair; and

b. GRANTOR shall not construct, maintain, or cause to be constructed or maintained any impediment on the Servient Tenement which would unreasonably interfere with the EASEMENT. By way of example, the parties acknowledge that an impediment on the Servient Tenement that would unreasonably interfere with the EASEMENT would consist of:

(1) Any fence or gate that did not have a permanent opening to permit pedestrian and non-motorized bicycle ingress, egress and travel over, across and onto the Servient Tenement; and/or

(2) Any fence or gate that did not have a means of being opened in a simple manner without exiting a vehicle by either:

83-164729

(a) Pushing a button; or

(b) Pushing a series of buttons by resort to a code which is made known in the widest reasonable manner to GRANTEE and Members, or

(c) Using a telephonic type instrument connected to a 24 hour maintained station with personnel instructed to open the gate without question, or with minimal identification as an owner of real property in Arrowhead Woods.

4. The parties acknowledge that GRANTOR intends to transfer the Servient Tenement to a homeowners association known as NORTH SHORE ESTATES ASSOCIATION, INC. (hereinafter NSEA). NSEA shall execute this Agreement in contemplation of said transfer and thereby acknowledge that NSEA intends to be bound by all the terms and conditions of this Agreement upon transfer of said Servient Tenement. Without limiting the generality of NSEA's obligations, NSEA agrees to impose the same restrictions on any additional parcels of land acquired by NSEA and/or any of its members which become contiguous to and used for ingress and egress to Parcels 1 and/or 2 as such restrictions are imposed on Parcels 1 and 2 hereunder. Notwithstanding anything herein contained to the contrary, GRANTOR shall have no obligations or liabilities of any kind or nature pursuant to Paragraph 3 above or otherwise under or by reason of this Agreement from and after the transfer of said Servient Tenement to NSEA.

5. This instrument shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties hereto.

6. In the event of any controversy, claim or dispute arising hereunder, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs. In any such event, the parties agree that the Court shall give such interpretation to the purposes of the EASEMENT granted hereunder so as to allow the GRANTEE, the

Members, their invitees and guests the fullest possible lawful use of said EASEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above written.

GRANTOR: ARROWHEAD MUTUAL SERVICE COMPANY

By: [Signature]
Vice President

By: [Signature]
Secretary

BOISE CASCADE HOME &
LAND CORPORATION

By: [Signature]
Vice President

By: [Signature]
Assist. Secretary

GRANTEE: ARROWHEAD LAKE ASSOCIATION,
a California Non-Profit
Corporation

By: _____
President

By: _____
Secretary

[Signatures continued on page 5]

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Members, their invitees and guests the fullest possible lawful use of said EASEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above written.

GRANTOR: ARROWHEAD MUTUAL SERVICE COMPANY

By: _____
Vice President

By: _____
Secretary

BOISE CASCADE HOME &
LAND CORPORATION

By: _____
Vice President

By: _____
Secretary

GRANTEE: ARROWHEAD LAKE ASSOCIATION,
a California Non-Profit
Corporation

By: _____
President

By: _____
Secretary

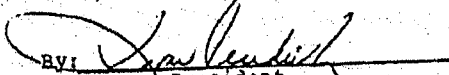
[Signatures continued on page 5]

[Signatures continued from page 4]

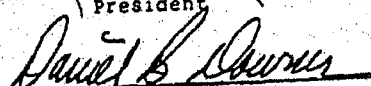
NSEA:

NORTH SHORE ESTATES ASSOCIATION,
INC., a California Corporation

By:


President

By:


Secretary

83-164729

STATE OF IDAHO
COUNTY OF ADA

} SS.

On May 31, 1983

before me, the undersigned, a Notary Public in and for

said State, personally appeared J. E. Clute
personally known to me or proved to me on the basis
of satisfactory evidence to be the person who executed
the within instrument as the Vice
President, and J. R. Ayre personally known to me or
proved to me on the basis of satisfactory evidence to be
the person who executed the within instrument as the
Secretary of the Corporation
that executed the within instrument and acknowledged
to me that such corporation executed the within instru-
ment pursuant to its by-laws or a resolution of its
board of directors.

WITNESS my hand and official seal.

Signature Carol Hake

(This area for official notarial seal)

STATE OF IDAHO
COUNTY OF ADA

} SS.

On May 31, 1983

before me, the undersigned, a Notary Public in and for

said State, personally appeared J. E. Clute
personally known to me or proved to me on the basis
of satisfactory evidence to be the person who executed
the within instrument as the Vice
President, and J. R. Ayre personally known to me or
proved to me on the basis of satisfactory evidence to be
the person who executed the within instrument as the
Secretary of the Corporation
that executed the within instrument and acknowledged
to me that such corporation executed the within instru-
ment pursuant to its by-laws or a resolution of its
board of directors.

WITNESS my hand and official seal.

Signature Carol Hake

(This area for official notarial seal)

STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO

} SS.

On

before me, the undersigned, a Notary Public in and for

said State, personally appeared
personally known to me or proved to me on the basis
of satisfactory evidence to be the person who executed
the within instrument as the
President, and personally known to me or
proved to me on the basis of satisfactory evidence to be
the person who executed the within instrument as the
Secretary of the Corporation
that executed the within instrument and acknowledged
to me that such corporation executed the within instru-
ment pursuant to its by-laws or a resolution of its
board of directors.

WITNESS my hand and official seal.

Signature

(This area for official notarial seal)

83-164729

STATE OF IDAHO
COUNTY OF ADA

} ss.

On _____ before me, the undersigned, a Notary Public in and for
said State, personally appeared _____
personally known to me or proved to me on the basis
of satisfactory evidence to be the person who executed
the within instrument as the Vice
President, and _____

_____ personally known to me or
proved to me on the basis of satisfactory evidence to be
the person who executed the within instrument as the
Secretary of the Corporation
that executed the within instrument and acknowledged
to me that such corporation executed the within instru-
ment pursuant to its by-laws or a resolution of its
board of directors.
WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

83-164729

STATE OF IDAHO
COUNTY OF ADA

} ss.

On _____ before me, the undersigned, a Notary Public in and for
said State, personally appeared _____
personally known to me or proved to me on the basis
of satisfactory evidence to be the person who executed
the within instrument as the Vice
President, and _____

_____ personally known to me or
proved to me on the basis of satisfactory evidence to be
the person who executed the within instrument as the
Secretary of the Corporation
that executed the within instrument and acknowledged
to me that such corporation executed the within instru-
ment pursuant to its by-laws or a resolution of its
board of directors.
WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

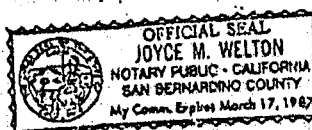
STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO

} ss.

On June 18, 1983 before me, the undersigned, a Notary Public in and for
said State, personally appeared ANTHONY L. WEST
personally known to me or proved to me on the basis
of satisfactory evidence to be the person who executed
the within instrument as the
President, and JOE LETWINCH

_____ personally known to me or
proved to me on the basis of satisfactory evidence to be
the person who executed the within instrument as the
Secretary of the Corporation
that executed the within instrument and acknowledged
to me that such corporation executed the within instru-
ment pursuant to its by-laws or a resolution of its
board of directors.
WITNESS my hand and official seal.

Signature _____



(This area for official notarial seal)

SD 1949 CA (9-74)

(Corporation)

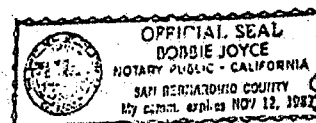
STATE OF CALIFORNIA

COUNTY OF San Bernardino } SS.On June 22, 1983 before me, the undersigned, a Notary Public in and for saidState, personally appeared Leona Kendrick President, and Daniel B. Downer

known to me to be the _____ Secretary
 of the corporation that executed the within instrument,
 known to me to be the persons who executed the within
 instrument on behalf of the corporation therein named, and
 acknowledged to me that such corporation executed the
 within instrument pursuant to its by-laws or a resolution of
 its board of directors.

WITNESS my hand and official seal.

Signature

Bobbie Joyce

(This area for official notarial seal)

8-164729

SD 1949 CA (9-74)

(Corporation)

STATE OF CALIFORNIA

COUNTY OF _____ } SS.

On _____ before me, the undersigned, a Notary Public in and for said

State, personally appeared _____ President, and _____

known to me to be the _____ Secretary
 of the corporation that executed the within instrument,
 known to me to be the persons who executed the within
 instrument on behalf of the corporation therein named, and
 acknowledged to me that such corporation executed the
 within instrument pursuant to its by-laws or a resolution of
 its board of directors.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

DESCRIPTION: THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1: LOT "E" OF TRACT 2526, ARROWHEAD WOODS TRACT 15, RECORDED IN BOOK 36 OF MAPS, PAGES 22 AND 23, RECORDS OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA.

PARCEL 2: ALL THAT PORTION OF SECTION 10, TOWNSHIP 2 NORTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEASTERLY CORNER OF LOT 7 OF TRACT 2481, ARROWHEAD WOODS TRACT NO. 11, AS PER MAP RECORDED IN BOOK 35, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE NORTH 86 DEGREES 00 MINUTES EAST 40.12 FEET; THENCE NORTH 74 DEGREES 33 MINUTES EAST 112.38 FEET; THENCE NORTH 52 DEGREES 15 MINUTES EAST 62.58 FEET; THENCE NORTH 21 DEGREES 58 MINUTES EAST 74.70 FEET; THENCE NORTH 10 DEGREES 01 MINUTE EAST 91.90 FEET TO THE WESTERLY LINE OF SHERWOOD ROAD AS SHOWN ON THE MAP OF TRACT 2499, ARROWHEAD WOODS TRACT NO. 12, RECORDED IN BOOK 35, PAGE 66 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY; THENCE NORTHERLY ALONG SAID WESTERLY BOUNDARY OF SHERWOOD ROAD TO ITS INTERSECTION WITH THE NORTHERLY LINE OF NORTH SHORE ROAD, SO CALLED, AT THE MOST EASTERLY CORNER OF THE LAND CONVEYED TO JOSEPH W. LANGHOFF, ET UX, BY DEED RECORDED DECEMBER 1, 1945 IN BOOK 1837, PAGE 103 OF OFFICIAL RECORDS, RECORDS OF SAN BERNARDINO COUNTY; THENCE ALONG THE NORTHERLY LINE OF SAID NORTH SHORE ROAD, SOUTH 10 DEGREES 01 MINUTE WEST 95.16 FEET; THENCE SOUTH 21 DEGREES 58 MINUTES WEST 59.66 FEET; THENCE SOUTH 52 DEGREES 15 MINUTES WEST 43.85 FEET; THENCE SOUTH 74 DEGREES 33 MINUTES WEST 100.50 FEET; THENCE SOUTH 86 DEGREES 00 MINUTES WEST 39.25 FEET TO A POINT WHICH BEARS NORTH 8 DEGREES 30 MINUTES WEST 40.12 FEET FROM THE AFORESAID NORTHEASTERLY CORNER OF LOT 7 OF SAID TRACT 2481; THENCE SOUTH 8 DEGREES 30 MINUTES EAST 40.12 FEET TO THE POINT OF BEGINNING.

83-164729

EXHIBIT A

The land referred to herein is situated in the County of San Bernardino, State of California, and is described as follows:

PARCEL 1: LAKE ARROWHEAD

Book 8796 Page 166

All those portions of Sections 9, 10, 11, 14, 15, 16, 21 and 22, T.2N., R.3W., S.B.M., in the County of San Bernardino, State of California, according to Government Survey, which would be covered with water impounded by a certain dam constructed in Arrowhead Woods across and in Little Bear Creek, so-called, in the Northwest one-quarter of said Section 14, said artificial lake or body of water being known as "Lake Arrowhead", if the surface of said water were at an elevation of 5100 feet above "sea level".

TOGETHER WITH that portion of land lying above an elevation of 5100 feet above "sea level" which elevation is described above as the water surface of Lake Arrowhead, being an island within Lake Arrowhead commonly known as and referred to as "Lone Pine Island", said Lone Pine Island lying approximately within the Southeast one-quarter of the Southwest one-quarter of the Southwest one-quarter of the Southeast one-quarter of said Section 16.

TOGETHER WITH that portion of the land lying above an elevation of 5100 feet above "sea level" which elevation is described above as the water surface of Lake Arrowhead being an island or islands within Lake Arrowhead if any exists.

83-164729

EXHIBIT B

Page 1 of 2 pages

PARCEL 2: That portion of land located in the County of San Bernardino, State of California, known as the Reserve Strips and Reserve Strip additions as described in the deed referred to hereinbelow:

(References are to Books and Pages of Official Records in the Office of the County Recorder of San Bernardino County, California).

Relating to Tract	Deed Recorded	In Book	At Page
5	April 19, 1932	796	270
6	April 19, 1932	810	217
7	April 19, 1932	810	222
50	April 19, 1932	798	150
51	April 19, 1932	798	155
55	April 19, 1932	811	86
71	April 19, 1932	811	93
2499	April 4, 1936	1129	292
2481			
15	Oct. 21, 1937	1241	21
2487			
2283	Jan. 13, 1938	1252	194
74			
2486			
2283	Jan. 13, 1938	1251	208
75			
56	Nov. 4, 1938	1300	395
77	Dec. 14, 1938	1307	147

RESERVE STRIP ADDITION DEEDS

55	Nov. 18, 1938	1319	11
6	Nov. 18, 1938	1309	343
7	Nov. 18, 1938	1305	469
56	Nov. 18, 1938	1319	17
74	Nov. 18, 1938	1317	179
71	Nov. 18, 1938	1308	412
50	Nov. 18, 1938	1318	31
15	Nov. 18, 1938	1312	153
5	Nov. 18, 1938	1308	420
11 & 12	Nov. 18, 1938	1317	195
75	Nov. 18, 1938	1305	54
51	Nov. 18, 1938	1309	348
77	Dec. 21, 1938	1323	132

EXHIBIT "B" - Page 2 of 2 pages

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83-164729

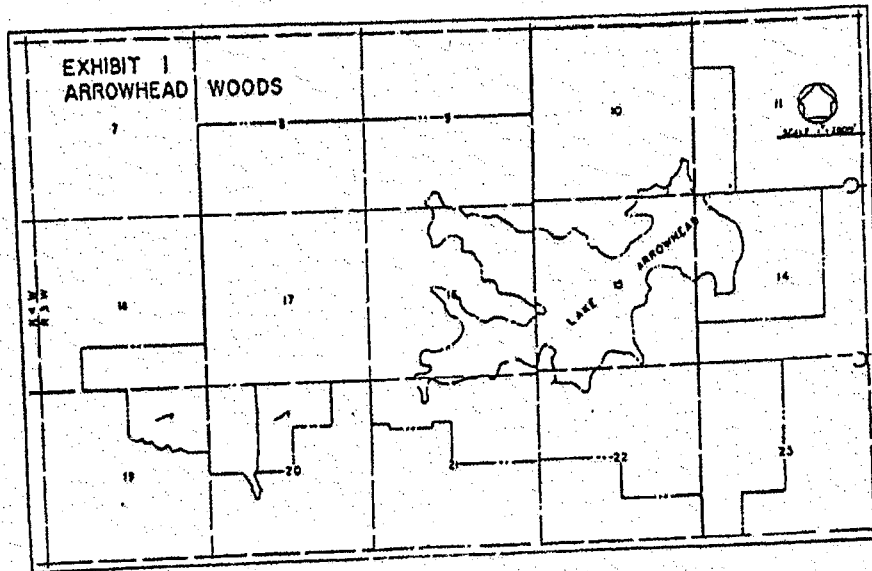


EXHIBIT "C"