

SECTION 11: INSPECTION OF BOOKS AND RECORDS

11.01. Inspection by Members. a) Commencing not later than 90 days after the close of escrow of the first interest in the Project, copies of the documents listed below, as soon as readily obtainable, shall be delivered by the Declarant to the Board of the Association at the office of the Association, or at such other place as the Board shall prescribe. The obligation to deliver the documents listed below shall apply to any documents obtained by the Declarant no matter when obtained, provided, however, such obligation shall terminate upon the earlier of (1) the conveyance of the last subdivision interest covered by a Final Public Report or (2) three years after the expiration of the most recent Public Report for the Project:

- i) The recorded subdivision Map or Maps for the Project.
- ii) The deeds and easements executed by the Declarant conveying the Common Area or other interest to the Association, to the extent applicable.
- iii) The recorded Declaration for the Project, including all amendments and annexations thereto.
- iv) The Association's filed Articles of Incorporation, if any, and all amendments thereto.
- v) The Association's Bylaws and all amendments thereto.
- vi) All architectural guidelines and all other rules regulating the use of an Owner's interest in the Project or use of the Common Area which have been promulgated by the Association.
- vii) The plans approved by the local agency or county where the Project is located for the construction or improvement of facilities that the Association is obligated to maintain or repair; provided, however, that the plans need not be as-built plans and the plans may bear appropriate restrictions on their commercial exploitation or use and may contain appropriate disclaimers regarding their accuracy.
- viii) All Notice of Completion certificates issued for Common Area improvements (other than residential structures).
- ix) Any bond or other security device in which the Association is the beneficiary.
- x) Any written warranty being transferred to the Association for Common Area equipment, fixtures or improvements.
- xi) Any insurance policy procured for the benefit of the Association, its Board, or the Common Area.
- xii) Any lease or contract to which the Association is a party.
- xiii) The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, of the Board and of committees of the Board.
- xiv) Any other instrument which establishes or defines the common, mutual or reciprocal rights or responsibilities of Owners or Members of the Association.

b) If the Project is phased, commencing not later than 90 days after the annexation of additional phases to the Project, copies of those documents listed under subdivision (a) which are applicable to that phase, shall as soon as readily obtainable, be delivered by Declarant to the Board at the office of the Association, or at such other place as the Board shall prescribe. The obligation to deliver the documents listed in subsection (a) shall apply to any documents obtained by the Declarant no matter when obtained, provided, however, such obligation shall terminate upon the earlier of (1) the conveyance of the last subdivision interest

covered by a Final Public Report or (2) three years after the expiration of the most recent Final Public Report for the Project.

c) The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, the Board, and of committees of the Board shall be made available for inspection and copying by any Member of the Association or by his/her duly-appointed representative at any reasonable time and for a purpose reasonably related to his/her interest as a Member at the office of the Association or at such other place within the Project as the Board shall prescribe.

d) i) In the case of the minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board, other than an executive session, shall be available to Members within 30 days of the meeting and shall be distributed to Members only upon request and payment of the fee prescribed in Section 11.02(c) below.

ii) At the time the pro forma operating budget is distributed as required by Section 10 or at the time of any general mailing, Members of the Association shall be notified in writing of their right to have copies of the minutes of meetings of the Board and as to how and where those minutes may be obtained and the cost of obtaining such copies.

11.02. Rules for Inspection by Members. The Board shall establish reasonable rules with respect to:

a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;

b) Hours and days of the week when such an inspection may be made; and,

c) Payment of the costs of reproducing copies of documents requested by a Member.

11.03. Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

11.04. Review of Financial Records. The Board shall review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget and an income and expense statement for the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" shall mean monies that the Association's Board has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

11.05. Reserve Account Withdrawal Restrictions. The Board shall require that at least two (2) signatures be needed for the withdrawal of monies from the Association's reserve accounts, who either shall be Members of the Board or one (1) Member of the Board and one (1) officer who is not a Member of the Board.