

Date: June 24, 2020

To: SOA Board of Directors

From: Jim Haar - Chairman - Governing Documents Review Committee

Subject: Document Review Committee Summary of Recommended Changes

The Governing Documents Review Committee has completed its review of the SOA Declaration, Articles of Incorporation and Bylaws and submitted its recommendations to the SOA Board of Directors. The Committee submittal to the Board consisted of edited copies of the current versions clearly indicating the recommended additions and/or deletions thereto. Following is an summary overview of the recommended changes:

#### The Declaration (CC&R's)

1. General – Edited wording in several Articles for clarity without changing its intended purpose.
2. Eliminated provisions pertaining to the initial development phase of Somerset, which are no longer believed pertinent.
3. Eliminated all provisions pertaining to the Declarant (Somerset Development Company), which fall into two general categories; (1) provisions that apply only during Declarant Control of the Association, which are no longer applicable, and (2) provisions pertaining to ongoing Declarant rights and approvals, primarily associated with development rights, which will require Declarant approval for elimination.
4. Added descriptions and clarifications identifying the current relationship between the Association and the Somerset Country Club. That is, identifying Association ownership of the golf course land and the leaseback of such to the Country Club.
5. Modified existing Articles to require a majority vote (50% +1) of all regular Association members to approve the annexation, purchase, sale, or lease of real property by the Association over \$500K in value.
6. Decreased Association member approval of the annual budget from 75% to 66%.
7. Added a provision that Association Notices, Meetings and Ballot Voting initiatives (excluding Board of Director elections) may be accomplished via electronic media as well as US mail per owner discretion.
8. Modified existing Article to permit Association regular members to veto any Rule or Regulation adopted by the Board by a majority vote (50%+1).
9. Modified existing Article to require a majority vote (50% +1) of all Association regular members to approve the levying of a Special Assessment to acquire real property, lease real property or fund capital improvements if it exceeds the Boards current authorized limits.
10. Added a provision that permits owner installation of small garden sheds without AGC approval.
11. Added a provision that permits display of Nevada State flag under the same conditions as display of the US flag.
12. Added a provision banning the painting of residential address numbers on curbs.

13. Added a provision permitting owners to perform limited fire control maintenance on adjacent Association common area property (i.e., within 10 feet of owner property line).
14. Added a provision banning the use of for sale signs on vehicles or performance of vehicle repair activities on streets within Somerset, commercial properties, or SOA common areas.
15. Eliminated the provision allowing the AGC to enact restrictions on landscape irrigation, this being the purview of the Truckee Meadows Water Authority.
16. Eliminated AGC approval for dog houses or dog runs if screened from view by landscaping or fencing, and expanded on owner responsibilities for pet feces clean-up.
17. Modified existing Article to permit Somerset perimeter lot owners to access, from their own lot, adjacent non-Somerset properties with owner permissions (i.e., no Association approval required).
18. Eliminated the provision permitting the Association to require Lot owners on the same street to plant and maintain the same type of landscape along parkways.
19. Eliminated some restrictions on business activities conducted within the home.
20. Revised AGC membership to include no fewer than five and no more than seven members, consisting of at least one unit owner.
21. Extended completion time for landscaping approvals from 90 days to 120 days.
22. Eliminated provision enabling the AGC to disapprove applications based solely on “dissatisfaction of the Committee”.
23. In case of conflict, established 1) the Declaration, 2) the Articles, and 3) the Bylaws as the Association controlling documents in that order.

#### The Articles of Incorporation

1. Eliminated the “During periods of Declarant control” provisions as no longer applicable.
2. Updated Association Agent, Incorporator, and Director identifications.
3. Eliminated provision on Association owning, operating and contracting for communication services to owners.
4. Eliminated provision prohibiting the Association from engaging in land planning activities.
5. Revised number of Director positions from a minimum of three and maximum of five, to a minimum of five and a maximum of seven.
6. Modified conflict of provisions Article to establish; 1) the Declaration, 2) the Articles, and 3) the Bylaws as the controlling documents in that order.
7. Replaced the lengthy, and difficult to understand, Indemnification provision with a more simple version.

#### The Bylaws

1. Added Association name and location of primary office under General Provisions.
2. Added a provision establishing; 1) the Declaration, 2) the Articles, and 3) the Bylaws as the controlling documents in that order.
3. Combined two redundant articles describing the annual member meeting into one, no change in requirements.
4. Added a provision enabling the use of electronic balloting for initiatives to be accomplished outside of a physical meeting of members (does not apply to Director elections).

5. Revised number of allowed Director positions from three minimum, five maximum to five minimum, seven maximum.
6. Added a provision giving the Board the ability to appoint Directors to fill vacated terms (i.e., as a result of death, resignation, removal or insufficient number of candidates to fill positions open for election). This as an option to holding a special election or leaving positions open until the next regularly scheduled election.
7. Added a restriction that Directors cannot serve for more than three consecutive terms.
8. Reduced the requirement for Association members to remove a Director from office from a 66% vote of all regular members to a majority (50% + 1) vote.
9. Revised the scheduling of Board meetings from at least quarterly to at least bi-monthly.
10. Revised for requirement for the calling of an annual or special meetings by Directors from three Directors to a majority of Directors.
11. Added a provision that notification to members on the calling of annual or special meetings may be accomplished via electronic media as well as US mail.
12. Reduced the requirement for a quorum of Directors to conduct business from 66% to 55%. The effect being that for a five person Board, a quorum would constitute three Directors versus the current four, and for a seven person Board, four would constitute a quorum.
13. Added electronic media (i.e., video conferencing) as an allowable method for Board members to participate in Board meetings.
14. Eliminated a duplicate provision on the rights of owners to inspect Association records, no change in requirements..
15. Added a provision disallowing any compensation to Board members for their service, except for incurred expenses related directly to their service.
16. Established the January 1 through December 31 calendar year as the Association's fiscal year.
17. Edited the description of the Aesthetic Guideline Committee, no change in requirements.