

Original Bylaws

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BYLAWS OF

PILOT HILL ESTATES HOMEOWNER'S ASSOCIATION

A

CALIFORNIA NONPROFIT CORPORATION

ARTICLE I

Name and Location

The name of the corporation is Pilot Hill Estates Homeowner's Association. The principal office of the corporation shall be located at _____, but meetings of members and trustees may be and shall be held as close to the subdivision as practicable.

ARTICLE II

Definitions

Section 1. "Association" shall mean and refer to Pilot Hill Estates Homeowner's Association, its successors and assigns.

Section 2. "Common Area" shall mean all real property owned by the association for the common use and enjoyment of the owners.

Section 3. "Declarant" shall mean and refer to Pilot Hill Investments "A", a limited partnership, and Pilot Hill Investments "B", a limited partnership, and their successors and assigns if such successors or assigns should acquire more than one undeveloped lot from declarant for purposes of development. --

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the subdivision and recorded on _____ 1976 in the office of the county recording officer of El Dorado County, California in Volume _____ Page _____ Official Records.

Section 5. "Lot" shall mean and refer to any plot of land shown on the recorded subdivision map with the exception of the common area.

Section 6. "Member" shall mean and refer to those persons entitled to membership in the association as provided in the declaration.

Section 7. "Owner" shall mean and refer to the record owner whether one or more persons or entities, of the fee simple title to any lot which is a part of the subdivision, including contract sellers, but excluding those holding title merely as security for the performance of an obligation.

Section 8. "Subdivision" shall mean and refer to that certain tract of real property described in the declaration, and such additions thereto as may be brought within the jurisdiction of the association pursuant to the provisions of the declaration.

ARTICLE III Meetings of Members

Section 1. Annual meetings. The first annual meeting of members shall be held within one (1) year from the date of incorporation of the association or not later than six (6) months after the closing of the first sale or lease of a subdivision interest, whichever occurs first. Subsequent annual meetings of members shall be held on the same day of the same month of each year thereafter at seven o'clock p.m. If the day for the annual meeting of members is a legal holiday, the meeting will be held at the same hour on the next following day which is not a legal holiday.

Section 2. Special meetings. Special meetings of members may be called at any time by the president or by the board of trustees, or on written request of members who are entitled to vote one fourth of all votes of the Class A membership.

Section 3. Notice of meetings. Written notice of each meeting of members shall be given by, or at the direction of, the secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than fifty (50) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the association, or supplied by such member to the association for the purpose of receiving notice. Such notice shall specify the day, hour, and place of the meeting and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting, in person or by proxy, of members entitled to cast a majority of the votes of each class of the membership shall constitute a quorum for authorization of any action, except as may otherwise be provided in the declaration, the articles of incorporation, or these bylaws. If a quorum is not present at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting to a date not less than five days and not more than thirty days from the original meeting date.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Proxies shall be revocable, and the proxy of any owner shall automatically terminate on conveyance by him of his lot.

ARTICLE IV Board of Trustees--Term; First Election; Removal.

Section 1. Number. The affairs of the association shall be

managed by a board of five (5) trustees, who shall be members of the association, all of whom shall be elected at the first meeting.

Section 2. Term of office. All trustees shall serve concurrent annual terms which terms shall be until the next annual election or removal pursuant to Section 4. below.

Section 3. At least one trustee to be elected by Owners. At any election in which the owners other than the declarant do not have sufficient percentage of the voting power of the association to elect at least one trustee through the cumulating of their votes, such owners may choose in a manner in which they may determine one trustee to serve on the board of trustees of the association.

Section 4. Removal.

a) The entire Board of Trustees may be removed from office at any time by a majority vote of both classes of association members.

b) Unless the entire board of trustees is removed pursuant to 1. above, an individual trustee shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to one (1) plus the authorized number of trustees.

c) A trustee who has been elected to office solely by the votes of members of the Association other than the declarant may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in members other than the subdivider.

d) In the event of death, resignation, or removal of a trustee, his successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. No trustee shall receive compensation for any service he may render to the association. However, any trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V.

Trustees--Nomination and Election.

Section 1. Nomination. Nomination for election to the board of trustees shall be by nominating committee. However, nominations may also be made from the floor at any annual meeting of members. The nominating committee shall consist of a chairman who shall be a member of the board of trustees, and two or more members of the association. The committee shall be appointed by the board of trustees prior to each annual meeting to serve from the close of such meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The

nominating committee shall make as many nominations for election to the board of trustees as it shall in its discretion determine, but in no event shall it nominate less than the number of vacancies to be filled.

Section 2. Election. Election to the board of trustees shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the declaration. Persons receiving the largest number of votes shall be elected. Cumulative voting shall be prescribed for all elections in which more than two (2) positions on the board are to be filled.

ARTICLE VI.

Board of Trustees--Meetings.

Section 1. Regular meetings. Regular meetings of the board of trustees shall be held monthly at such place and hour as may be fixed by the board from time to time. Notice of the time and place of such meeting shall be posted at a prominent place or places within the common area.

Section 2. Special meetings. Special meetings of the board of trustees may be called by written notice signed by the president of the association or by any two members of the board other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all trustees and posted in the manner prescribed for notice of regular meetings not less than seventy two (72) hours prior to the scheduled time of the meeting.

Section 3. Open Meetings. Regular and Special meetings of the board of trustees shall be open to all members of the association provided however that association members who are not on the board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the board.

Section 4. Executive Sessions. The board of trustees may with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 5. Quorum. A majority of the trustees shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of trustees present at a duly held meeting in which a quorum is present shall constitute the act or decision of the board.

ARTICLE VII.

Board of Trustees--Powers and Duties.

Section 1. Powers. The board of trustees shall have

power to:

a) Adopt and publish rules and regulations governing the use of the common areas and facilities including the personal conduct of the members and their guests thereon; and to establish penalties for infractions of such rules and regulations.

b) Suspend the voting rights and right to use of the recreational facilities of any member during any period in which such member is in default in the payment of any assessment levied by the association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations.

c) Exercise on behalf of the association all powers, duties, and authority vested in or delegated to the association and not specifically reserved to the membership by the declaration articles of incorporation, or by other provisions of these bylaws.

d) Declare the office of a member of the board of trustees to be vacant in the event that such member is absent from three (3) consecutive regular meetings of the board of trustees.

e) Employ a manager, independent contractors and such other employees as they may deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the board of trustees to:

a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at each annual meeting, or at any special meeting at which such a statement is requested in writing by one fourth of the Class A members entitled to vote thereat;

b) Delegate its powers to committees, officers, or employees and supervise all officers, agents, and employees of the association and see to it that their duties are properly performed;

c) As more fully provided in the declaration, to:

(1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject thereto at least fifty (50) days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date, or to bring an action at law against the owner personally

obligated to pay the same.

d) Issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid. A statement in a certificate to the effect that an assessment has been paid shall constitute conclusive evidence of such payment. The board may impose a reasonable charge for the issuance of these certificates;

e) Procure and maintain adequate liability and hazard insurance on all property owned by the association;

f) Cause all officers or employees having fiscal responsibility to be bonded, as it may deem appropriate;

g) Cause the common area to be maintained and in furtherance thereof enter upon any privately owned lot or unit where necessary in connection with construction, maintenance or repair for the benefit of the common area or the owners in common;

h) Prepare a balance sheet, an operating (income) statement, and a pro forma operating statement for the association and distribute by first class mail copies thereof to each member of the association within sixty (60) days of accounting dates as follows:

(1) A balance sheet as of an accounting date which shall be the last day of the month closest in time to six (6) months from the date of closing of the first sale of a subdivision interest to a member of the association and an operating statement for an accounting period from the aforesaid date of first closing to the aforesaid accounting date. Such operating statement for the first six (6) months accounting period is to include a schedule of assessments received or receivable itemized by lot or unit number and by the name of the person or entity assessed;

(2) A balance sheet as of the last day of the association's fiscal year and an operating statement for such fiscal year;

(3) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.

i) Contract for materials and/or services for the common area or the owner's association with the term of service of any contract limited in duration to one year, with the exception of the following:

(1) Contracts approved by the majority of members of each class of the association;

(2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier

will contract at the regulated rate;

(3) Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits for short rate cancellation by the insured.

j) Enforce applicable provisions of the restrictions bylaws, and Articles;

k) Pay taxes and assessments which are or could become a lien on the common area or some portion thereof.

Section 3. Capital Expenditures, Sale of Capital Assets. The board of trustees shall be prohibited from taking any of the following actions except with the vote or written assent of a majority of the voting power of the association residing in members other than the declarant:

a) Incurring aggregate expenditures for capital improvements to the common area in any fiscal year in excess of five (5%) percent of the budgeted gross expenses of the association for that fiscal year;

b) Selling during any fiscal year property of the association having an aggregate fair market value greater than five (5%) percent of the budgeted gross expenses of the association for that fiscal year.

ARTICLE VIII Officers and their Duties.

Section 1. Enumeration of Offices. The officers of the association shall be a president and vice president, who shall at all times be members of the board of trustees, and a secretary, treasurer, and such other officers as the board may from time to time create by resolution.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the board of trustees following each annual meeting of members.

Section 3. Term. The officers of the association shall be elected annually by the board. Each shall hold office for a term of one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special appointments. The board may elect such other officers as the affairs in the association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office by the board at any time with or without cause. Any officer may resign at any time by giving written notice to the board, the president, or the secretary. Such resignation shall take

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

Section 6. Vacancies. A vacancy in any office may be filled by appointment of the Board. The officer appointed to such vacancy shall serve for the unexpired term of the officer he replaces.

Section 7. Multiple offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

a) President. The president shall preside at all meetings of the board of trustees; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds, and other instruments, and shall cosign all checks and promissory notes.

b) Vice President. The vice president shall act in the place of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the board.

c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the members; keep the corporate seal of the association and affix it to all papers so requiring; serve notice of meetings of the board and of members; keep appropriate current records showing the members of the association together with their addresses; and perform such other duties as may be required by the board or by law.

d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all funds of the association, and shall disburse such funds as directed by resolution of the board of trustees; shall sign all checks and promissory notes of the association; shall keep proper books of account; shall cause an annual audit of the association books to be made by a certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditure a copy of which documents shall be delivered to each member, and a report on which shall be given at the regular annual meeting of members.

ARTICLE IX.

Committees

The trustees shall appoint an architectural committee, as provided in the declaration, and a nominating committee as provided

in Article V of these bylaws. In addition, the board of trustees may appoint such other committees as it may deem appropriate in the performance of its duties.

ARTICLE X. Assessments

As more fully provided in the declaration, each member is obligated to pay to the association annual and special assessments which are secured by a continuing lien on the property against which such assessments are made. Any assessments which are not paid when due are considered delinquent. If an assessment is not paid within thirty (30) days after the due date, the assessment bears interest from the date of delinquency at the rate of ten (10%) per cent per annum, and the association may bring an action at law against the owner personally obligated to pay the same, or may foreclose the lien against his property. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of any assessment due. No owner may waive or otherwise escape liability for assessments by nonuse of the common area or abandonment of his lot.

ARTICLE XI. Books and Records; Inspection.

The books records and papers of the association shall be subject to inspection by any member during ordinary business hours after twenty four (24) hours notice to the custodian thereof. The declaration, articles of incorporation, and bylaws of the association shall be available for inspection and copying (at the member's expense) by any member or his representative at the principal office of the association, or such other place within the subdivision as the board of directors may prescribe. Copies of the above document shall be made available for sale at a reasonable price.

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 the documents.

ARTICLE XII. Corporate Seal.

The association shall have a seal in circular form having within its circumference the words:

ARTICLE XIII. Fiscal Year

The fiscal year of the association shall be the calendar year except that the first fiscal period shall begin on the date of incorporation and shall end on December 31st of the year of incorporation.

ARTICLE XIV.
Amendments

These bylaws may be amended, at a regular or special meeting of the members, by vote of a majority of a quorum of both class A and class B members present in person or by proxy.

ARTICLE XV.
Conflicts

In the case of any conflict between the articles of incorporation and these bylaws, the articles shall control; in the case of any conflict between the declaration and these bylaws, the declaration shall control.

ARTICLE XVI.
Books and Records

The books, records and papers of the association shall be subject to inspection by any member during ordinary business hours after twenty-four (24) hours notice to the custodian thereof. The declaration, articles of incorporation, and bylaws of the association shall be available for inspection and copying (at the member's expense) by any member or his representative at the principal office of the association, or such other place within the jurisdiction as the board of directors may prescribe. Copies of the above documents shall be made available for sale at a reasonable price.

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 the documents.

ARTICLE XVII.
Corporate Seal

The association shall have a seal in circular form having within its circumference the words:

ARTICLE XVIII.
Fiscal Year

The fiscal year of the association shall be the calendar year except that the first fiscal period shall begin on the date of incorporation and shall end on December 31st of the year of incorporation.