

BY-LAWS  
CAMELOT OWNERS' ASSOCIATION, INC.  
TABLE OF CONTENTS

ARTICLE I. PRINCIPAL OFFICE .....	1
ARTICLE II. DEFINITIONS .....	1
ARTICLE III. MEMBERSHIP .....	3
Section 1. Classes of Membership .....	3
Section 2. Associate Members .....	3
Section 3. Privileges of Membership. ....	3
Section 4. Voting Rights .....	3
Section 5. Conformity to By-Laws and Rules .....	4
Section 6. Exoneration of Association. ....	4
Section 7. Notices .....	5
ARTICLE IV. EVIDENCE OF MEMBERSHIP AND TRANSFER .....	5
Section 1. Membership Certificates .....	5
Section 2. Transfer of Membership. ....	5
Section 3. Replacement of Lost or Destroyed Certificates . . . . .	6
Section 4. Membership Cards. ....	6
ARTICLE V. MEMBERSHIP MEETINGS. ....	7
Section 1. Regular Meetings. ....	7
Section 2. Special Meetings. ....	7
Section 3. Notice. ....	7
Section 4. Adjourned Meetings and Notice Thereof . ....	8
Section 5. Quorum. ....	8
Section 6. Voting. ....	9
Section 7. Informal Action by Members. ....	9
Section 8. Cumulative Voting .....	9
Section 9. Proxies .....	10
ARTICLE VI. DIRECTORS .....	10
Section 1. Number and Qualifications .....	10
Section 2. Powers. ....	10
Section 3. Indemnification of Directors & Officers .....	13
Section 4. Election and Term of Office .....	13
Section 5. Vacancies .....	13
Section 6. Regular Meetings. ....	14
Section 7. Special Meetings. ....	14
Section 8. Waiver of Notice. ....	15
Section 9. Action Without Meeting. ....	15
Section 10. Quorum. ....	15
Section 11. Adjournment and Notice. ....	16
Section 12. Compensation. ....	16
ARTICLE VII. OFFICERS . ....	16
Section 1. Officers. ....	16
Section 2. Election. ....	17
Section 3. Removal and Resignation .....	17
Section 4. President . . . . .	17

By-Laws, Camelot Owners' Association, Inc.

Table of Contents (2)

	<u>Page</u>
ARTICLE VII. OFFICERS (Continued)	
Section 5. Vice President. . . . .	18
Section 6. Secretary . . . . .	18
Section 7. Treasurer . . . . .	19
Section 8. Assistant Officers. . . . .	19
ARTICLE VIII. ASSESSMENTS . . . . .	20
Section 1. Annual Assessments. . . . .	20
Section 2. Limitation of Assessment. . . . .	20
Section 3. Notice. . . . .	20
Section 4. Lien. . . . .	20
Section 5. Priority of Lien. . . . .	21
Section 6. Enforcement . . . . .	21
Section 7. Purpose of Assessments. . . . .	22
Section 8. Date of Commencement and Prorations . . . . .	22
Section 9. Charges for Fines & Suspension of Privileges. . . . .	22
Section 10. Interest on Delinquent Assessments. . . . .	23
Section 11. . . . .	23
ARTICLE IX. AMENDMENTS. . . . .	23
Section 1. Adoption, Amendment, and Repeal of By-Laws . . . . .	23
Section 2. Consent of Real Estate Commissioner . . . . .	23
ARTICLE X. MISCELLANEOUS. . . . .	24
Section 1. Record Date . . . . .	24
Section 2. Inspection of Records . . . . .	24
Section 3. Checks, Drafts, Etc.. . . . .	24
Section 4. Annual Accounting . . . . .	24
Section 5. Fiscal Year . . . . .	24
Section 6. Execution of Contracts. . . . .	25
Section 7. Limitation of Powers. . . . .	25
Section 8. Inspection of By-Laws . . . . .	25
Section 9. Effective Date. . . . .	25
ARTICLE XI. PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS. . . . .	25
Section 1. . . . .	25
ARTICLE XII. DISTRIBUTION OF INCOME AND PROHIBITED TRANSACTIONS . . . . .	26
CERTIFICATE OF SECRETARY . . . . .	27

BY-LAWS  
CAMELOT OWNERS' ASSOCIATION, INC. A  
**California Non-Profit Corporation**

ARTICLE I  
PRINCIPAL OFFICE

The principal office of the corporation shall be located in Butte County, California. The corporation may have such other offices, either within or without the County of Butte, as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

ARTICLE II  
DEFINITIONS

Section 1. "Association" shall mean and refer to the "CAMELOT OWNERS' ASSOCIATION, INC.", a California non-profit corporation.

Section 2. "The properties" shall mean and refer to all that real property which is and shall be held, transferred, sold, conveyed, and occupied subject to the Declaration of Protective Covenants, Conditions, and Restrictions for Camelot, which was filed for record in the office of the County Recorder of Butte County, State of California, on the 10th day September, 1971 in Book 1702 of Records , page 213 .

Section 3. "Common properties", "common areas," "natural areas," or "parks" shall mean and refer to those areas of land and facilities, if any, acquired from time to time by the Association for the common use, recreation, and enjoyment of the owners of the properties.

Section 4. "Lot" shall mean and refer to any plot of land, zoned for residential use, shown upon any recorded subdivision map of the properties, except parcels or lots specifically excluded from the operation of the protective restrictions in the declaration of restrictions and except for those areas labeled on the subdivision map as "natural area."

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot situated upon the properties, or the buyer under a contract of sale, but, notwithstanding any applicable theory of mortgage, shall not mean or refer to the mortgagee, beneficiary, or trustee under any deed of trust unless and until such mortgagee, beneficiary, or trustee, or seller under a contract of sale, has acquired fee title pursuant to foreclosure or any proceeding in lieu of foreclosure.

Section 6. "Member" shall mean and refer to all those owners who are members of the Association.

Section 7. "The Declaration" or "the Declaration of Restrictions" or the "Covenants, Conditions, and Restrictions" shall mean the Declaration of Protective Covenants, Conditions, and Restrictions for Camelot, executed by Eugene A. and Dorothy M. Ringel, recorded on the 10th day of September 1971, in Book 1702, Official Records of Butte County, at page 213, and any similar declaration subsequently recorded.

Section 8. "The Subdivision" or "the general subdivision" shall refer to CAMELOT subdivision which shall include all units contained in or to be contained in the general plan for development of CAMELOT and specifically the portions thereof that are subject to the declaration.

Section 9. "Declarant" shall mean Eugene A. and Dorothy M. Ringel.

ARTICLE III MEMBERSHIP

Section 1. The corporation shall have one (1) class of members only, and the property and other rights, interests, and privileges of each member in good standing shall be equal. No member shall hold more than one (1) membership in the corporation.

Section 2. Every beneficial owner (as distinguished from a security owner) of real property situated in the subdivision shall be a member of this corporation, and each such member shall be entitled to all rights and privileges of membership and subject to all liabilities and duties as provided herein.

Section 3. Privileges of Membership. Members, and their guests, shall have the use of the streets and parks and common properties in the subdivision and any other property or facilities from time to time owned by the Association, subject to the provisions of the Declaration of Restrictions of the various units of the subdivision from time to time recorded and such other rules for the use of the streets, parks, or common properties or facilities as may be adopted by the Board of Directors of the Association.

Section 4. Voting Rights. The Members of the Association shall be divided into two classes for voting purposes:

(a) Class A: Class A Members shall be those owners of a fee or undivided interest in any lot which is subject to the Declaration of Restrictions, with the exception of the subdivision developer. Class A Members shall be entitled to one vote for each lot in which such Member holds the interests required for membership. When more than one person holds such interest or interests in any lot, the vote

for such lot shall be exercised subject to the provisions of these By-Laws, as they among themselves determine, but in no event shall more than one vote be cast with respect to any such lot, and further, no such vote shall be counted unless unanimously voted by all the owners of the lot, or by any one such owner possessing the written power of attorney or proxy from all other such owners.

(b) Class B: Class B Members shall be the subdivision developer. A Class B Member shall be entitled to three votes for each lot in which it holds the interest required for membership, provided that the Class B membership shall cease and become converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (1) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or
- (2) Until three (3) years after the date of issuance of the latest public report; or
- (3) On September 30, 1979.

From and after the happening of these events, whichever occurs earlier, each Class B Member shall be deemed to be a Class A Member entitled to one vote for each lot in which it holds the interest required for membership under Section 1.

Section 5. Conformity to By-Laws and Rules. Members shall, in all respects, conform to and abide by the By-Laws of the Association, and all amendments and changes thereto, and any and all rules and regulations now or hereafter adopted by the Board of Directors.

Section 6. Exoneration of Association. Neither the Association nor the members of the Board of Directors shall have any liability or responsibility, and no member or guest of a member, or any other person, shall have any claim against

the Association' or any director thereof for any personal injury to, or death of any Member or guest, or for loss or damage to the property of any Member or guest.

Section .7. Notices. Any notices required to be delivered to any Member or owner under the provisions of these By-Laws shall be deemed to have been properly delivered upon deposit in the United States mails, if postage is prepaid and said notice is addressed to the last known address of the person who appears as a Member or owner on the records of the Association at the time of such mailing. If no address is on file with the Association, the lot or lots shall constitute the last known address.

#### ARTICLE IV

##### EVIDENCE OF MEMBERSHIP AND TRANSFER

Section 1. Membership Certificates. Certificates of membership in the Association shall be issued to each Member and shall be in such form as the Board of Directors shall designate and shall be issued over the signature of the President or Vice President and Secretary or Assistant Secretary. A certificate book shall be maintained in which shall be shown the name of the Member, the certificate number, date of issuance, and a sufficient description of the lot giving rise to such membership. Membership of the subdivision developer need not be evidenced by certificates of membership.

Section 2. Transfer of Membership. Membership in this corporation shall not be transferable or assignable, except that any member may assign his membership rights to the tenant residing in or on his property within the subdivision which property qualifies said member for membership, and such assignment shall become effective on the filing by the member of a written notice of assignment with the Secretary

of the corporation; provided, however, that when any member sells, transfers, or otherwise disposes of his property within the subdivision which property qualifies him for membership, he shall require, as a\* condition of said transfer, that the purchaser, transferee, or subsequent holder in interest thereof, undertake to be bound by the Articles of Incorporation of this corporation and by these By-Laws, and by any amendments thereto, and by the rules and regulations at any time adopted by the corporation in accordance with these By-Laws. Until such purchaser, transferee, or subsequent holder in interest, does so undertake, the member, notwithstanding the prior termination of his membership, shall continue to be liable for all dues and assessments as in these By-Laws provided and which would otherwise be chargeable to said purchaser, transferee, or subsequent holder in interest. Transfers of record which occur by reason of inheritance or conveyance of any lot subsequent to the initial conveyance from the subdivision developer shall be subject to a fee of Twenty-Five Dollars (\$25.00), payable to the Association and to the payment of all indebtedness to the Association of the Member whose membership is transferred.

Section 3. Replacement of Lost or Destroyed Certificate. If a certificate of membership has been lost, destroyed, or wrongfully withheld, the Board of Directors, by resolution, may cancel such certificate, and a new or duplicate certificate may be issued in the same manner as new or duplicate certificates of shares of capital stock of corporations may be issued, to replace certificates of stock lost, destroyed, or wrongfully withheld, pursuant to the laws of the State of California.

Section 4. Membership Cards. The Association may issue cards to Members and Associate Members from time to time as the Board of Directors may deem necessary to assure the proper

control and identification. A roster of Members shall be kept sufficiently current to assure proper identification and control. This roster shall be maintained in the principal office of the corporation and at such other offices or locations as may from time to time be designated by the Board of Directors.

## ARTICLE V MEMBERSHIP MEETINGS

Section 1. Regular Meetings. The regular annual meeting of the members of the Association shall be held at the principal office of the Association or at such other place stated in the notice for such meeting, but in either event/ in Butte County, California. .The meeting shall be held during the month of June of each year on a day to be fixed by the Board of Directors at least 15 days prior to such meeting. The first such meeting shall be held after fifty-one percent (51%) of the lots have been sold or within one year after the sale of the first lot, whichever first occurs.

Section 2. Special Meetings. Special meetings of the Members for any purpose may be called by the President, by a majority of the Board of Directors, or upon written request of Members having thirty percent (30%) of the voting power of the Association. Except in special cases where other express provision is made by statute, notice of such special meeting shall be given in the same manner as for annual meetings of Members. Notices of any special meeting shall specify, in addition to the place, date, and hour of such meeting, the general nature of the business to be transacted.

Section 3. Notice. Notice of the regular meeting and of each special meeting of the Members shall be given by the Secretary or Assistant Secretary to each Member of the

Association at least fifteen (15) days (except as otherwise provided) but not more than sixty (60) days prior to such meeting, and such notice shall specify the date, time, and place of such meeting, and the general nature of the business to be transacted thereat. Such notice shall be in writing and shall be delivered either personally or by mail or other means of written communication, charges prepaid, addressed to such Member at his record address appearing on the books of the Association.

Section 4. Adjourned Meetings and Notice Thereof. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power of the Members either present or represented by proxy, but in the absence of a quorum, no other business may be transacted at any such meeting. When any Members' meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting, but it shall not otherwise be necessary to give any notice of the time and place of the adjourned meeting or the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken.

Section 5. Quorum. The presence, in person or by proxy, of the holders of fifty percent (50%) of the membership entitled to vote at any meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If any meeting cannot be held because a quorum is not present, the owners present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not

less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which such subsequent meeting the quorum requirement shall be twenty-five percent (25%) of the voting power present, either in person or by proxy.

Section 6. Voting. Except as otherwise provided by law, or in these By-Laws, only Members whose names stand on the records of the Association on the record date for voting shall be entitled to vote at such meeting. Such vote may be viva voce or by ballot. Except as otherwise expressly provided in these By-Laws, or by law, the vote of a majority of the members present at any duly and regularly called meeting at which a quorum is present, shall be required to constitute the act of the Association.

Section 7. Informal Action by Members. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Members entitled to vote with respect to the subject matter thereof.

Section 8. Cumulative Voting. Except-as otherwise provided herein, each Member is entitled to one vote for each lot owned by him. Every member entitled to vote at any election for directors shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he thinks fit. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

Section.9. Proxies. Every Member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by written proxy executed by such Member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, -which in no event shall exceed seven (7) years from the date of its execution.

## ARTICLE VI DIRECTORS

Section 1. Number and Qualifications. The authorized number of directors of the Association shall be three until changed by amendment of the Articles of Incorporation or by a By-Law amending this Section duly adopted by the Members entitled to vote. Directors shall not be required to be Members.

Section 2. Powers. Subject to any limitations of the Articles of Incorporation, of these By-Laws, and of the general non-profit corporation law of the State of California, all corporate powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board of Directors. Subject to the same limitations, the Board shall also have power:

(a) To appoint and remove all officers (other than directors), agents, and employees of the Association and prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation, or these By-Laws; to fix their compensation and to require from them

security for faithful performance of service if deemed necessary;

(b) To conduct, manage, and control the affairs and business of the Association and to make such rules and regulations therefor not inconsistent with law, with the Articles of Incorporation, or these By-Laws, as they may deem best;

(c) To change the location of the principal office for the transaction of the business of the Association within the same County, to designate the place for the holding of any members' meeting or meetings; and to adopt, make, and use a corporate seal, and to prescribe the forms of membership certificates and/or membership identification cards, from time to time, as in their judgment they may deem best;

(d) To make rules and regulations not inconsistent with law or the Articles of Incorporation or the By-Laws for the guidance of the officers and management of the affairs of the corporation.

(e) To appoint an executive committee composed of two or more directors, and other committees; to delegate to such executive committee any of the powers and authority of the Board in the management of the business and affairs of the Association except the power to adopt, amend, or repeal By-Laws;

(f) To establish, levy, and assess, and collect the assessments from the membership;

(g) To adopt and publish rules and regulations governing the use of the common properties and the personal conduct of the members and their guests thereon;

(h) To enforce any and all covenants, restrictions, and agreements applicable to the properties as may be provided in the declaration of restrictions or any subsequent restrictions enacted for the benefit of any lots in the subdivision.

(i) To authorize all necessary expenditures and incur indebtedness from time to time, and secure payment thereof by pledge, hypothecation, mortgage, indenture, and deed of trust or other form of security; provided, however, that said Board shall not have authority or power to incur any indebtedness in excess of one thousand dollars (\$1,000) without the approval and consent of not less than a simple majority of the voting power of the Members.

(j) Except as otherwise herein provided, to deal conclusively with all matters relating to the discipline of Members, and as it may deem proper, to suspend up to thirty (30) days or fine a Member for any infraction of the rules, regulations, or By-Laws;

(k) To construe or interpret these By-Laws, which construction or interpretation shall be conclusive upon the members of the Association;

(l) To enter upon any lot at reasonable times when necessary in connection with maintenance or construction for which the Association is responsible;

(m) The specification of particular powers and duties herein shall not be construed to in any manner or to any extent limit or restrict the powers and duties of the Board of Directors, and the Board of Directors shall do all things necessary and proper for the control, management, and operation of the Association, its properties and affairs; provided, however, that the Board of Directors selected prior to the first annual election shall not enter into any contracts which bind the Association for a period in excess of one (1) year, unless reasonable cancellation provisions are included in the contract.

(n) To bring any actions at law or in equity to enforce or carry out any provisions of these By-Laws, and to be awarded a reasonable attorney's fees and court costs any such litigation.

(o) To establish and collect reasonable fees and charges for use of the improvements upon the common and natural areas.

(p) To authorize receipt of property by gift/ devise, or bequest, and to transfer, convey, or otherwise dispose of property with the consent and approval of not less than a simple majority of the voting power of the Members.

Section 3. Indemnification of Directors and Officers. When a director or an officer is made a party to any action, suit, or proceeding by reason of his being, or having been, a director or officer of the Association, the reasonable expenses, including attorney's fees, incurred in the defense of such action, suit, or proceeding, including any settlement thereof, shall be assessed against the Association in accordance with Section 830 of the California Corporations Code.

Section 4. Election and Term of Office. Until the first annual meeting of Members, the directors of the Association shall be those individuals named in the Articles of Incorporation or their successors. At such meeting and at each annual meeting of Members thereafter, the directors shall be elected by the Members; provided, however, that if for any reason any such annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. Except as provided by statute or provisions of these By-Laws relating to removal of directors and to the filling of vacancies which may occur during the year, the directors shall hold office until their respective successors are elected and are ready to enter upon the duties of the office.

Section 5. Vacancies. Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of the Members. A vacancy or vacancies in the Board of Directors shall be deemed to exist in the case of the death, resignation, or removal of any director, or if the

authorized number of directors be increased, or if the Members fail at any annual or special meeting of Members at which director or directors are elected to elect the full authorized number of directors to be voted for at the meeting, or if a vacancy is declared by the Board of Directors for any reason permitted by law. The Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the Members shall have power to elect a successor pursuant to the provisions hereof, to take office when a resignation is to become effective. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 6. Regular Meetings. Immediately following each annual meeting of the Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

Section 7. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be held at any time upon the call by the President, or, if he is absent or unable or unwilling to act, by the Vice President or by any two directors. Special meetings shall be held at the principal office of the Association or at such other place as the Board may select. Notice of all special meetings of the Board of Directors shall be given by the Secretary or Assistant Secretary of the Association to each Member of the Board at least forty-eight (48) hours prior to the time of such meeting. Notice shall be either verbal, by telephone, or in writing, sent to the director by mail, or

other form of written communication, charges prepaid, addressed to him at his address as shown upon the records of the corporation.

Section 8. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called, and noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents, or approvals, shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors under any provisions of the non-profit corporation law of the State of California 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. Such action by written consent shall have the same force and effect as a unanimous vote by such directors. Any certificate or other document filed under any provision of the general non-profit corporation law of the State of California which

i

relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting, and that the Articles and By-Laws authorize the directors to so act.

Section 10. Quorum. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. 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 of Directors unless a greater number be required by law or by the Articles of Incorporation.

Section 11. Adjournment and Notice. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 12. Compensation. The members of the Board of Directors shall receive no compensation for acting as directors; provided however, if any director performs services for the Association other than as a director, he may be compensated therefor as the Board of Directors may determine. All reasonable expenses incurred by a member in carrying out his duties as a director, including, but not limited to, travel, food, lodging, and telephone calls, shall be reimbursable by the Association.

\*

## ARTICLE VII OFFICERS

Section 1. Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the Board of Directors may from time to time determine. Only the offices of Secretary and Treasurer may be held by the same person.

Section 2. Election. The officers shall be appointed annually by the Board of Directors at a regular annual meeting of the directors. Officers, other than the President, need not be directors. Each officer shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified and ready to enter upon the duties of the office. The Board may appoint an officer at any time for the purpose of initially filling an office or filling a newly-created or vacant office.

Section 3. Removal and Resignation. An officer may be removed during his term by a majority vote of the Board of Directors whenever, in its judgment, such removal would serve the best interests of the Association. Such removal shall terminate all authority of the officer. An officer may also be removed by majority vote of the members present at any regular or special meeting at which a quorum is present. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary of the Association and any such resignation shall take effect at the date of receipt of such notice, or at any later time specified therein, and unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. President. The President shall be the chief executive officer of the Association and, subject to such supervisory powers, if any, as may be delegated by the Board of Directors, shall:

- (a) Preside at all meetings of the Board of Directors and at all meetings of the shareholders;
- (b) Be an ex officio member of all standing committees including the executive committee, if any;
- (c) Have the general powers and duties of management usually vested in the office of President of a corporation,

and such other powers and duties as may be prescribed by the Board of Directors or these By-Laws;

(d) Shall execute as President, all deeds, contracts, and other instruments in writing which have been first approved by the Board of Directors;

(e) Exercise such other powers and perform such other duties as may be prescribed by law or by the Board of Directors or these By-Laws.

Section 5. Vice President. In the absence of the President or in the event of his inability or unwillingness to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of, and be subject to, all the restrictions upon the President. The Vice President shall perform such other duties and have such other powers as shall be, from time to time, assigned to him by the Board of Directors, the President, or these By-Laws.

Section 6. Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may order, a book of minutes of all meetings of the Directors and Members, or a duplicate thereof, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of memberships present or represented at Members' meetings, and the proceedings thereof. The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board of Directors may order, a membership register, or a duplicate thereof, showing the names of the members and their addresses, the description and number of lots, if more than one (1), upon which such membership is based, the number and date of member-

ship certificates issued, and the number and date of cancellation of membership certificates surrendered for cancellation. The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board of Directors required by these By-Laws to be given, and shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President, or these By-Laws.

Section 7. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and direct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, or losses. He shall have charge and custody of, and be responsible for, all funds and securities of the Association, receive and give receipts for all monies paid to the Association, from any source whatsoever, and deposit all monies and other valuables in the name of, and to the credit of, the Association with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President, or these By-Laws.

Section 8. Assistant Officers. Assistants to the aforementioned officers, if any shall be appointed, shall perform all of the duties and have all of the powers and authority of the particular officer in each instance, whenever such officer shall be unable to perform such duties, whether because of absence or for any other reason. In addition,

such assistant officer shall also have such additional duties, powers, and authorities as the Board of Directors shall determine from time to time.

## ARTICLE VIII ASSESSMENTS

Section 1. Annual Assessments. Each year the Board of Directors shall consider the current and future needs of the Association and, in light of those needs, shall fix by resolution the amount of the annual assessment to be levied against each lot in the subdivision including unsold lots of Declarant which amount shall be a debt of the owner thereof at the time such charge is made.

Section 2. No assessment in excess of \$100.00 per lot may be fixed without consent of not less than two-thirds (2/3) of the voting power of the Members.

Section 3. Notice. The Secretary shall mail or cause to be mailed to each Member, at such Member's record address, written notice of each annual assessment and the time and manner for payment thereof at least two (2) weeks prior to the time such assessment shall become due and payable.

Section 4. Lien. The amount of such annual assessment, plus any other charges thereon, such as interest when delinquent and costs of collection, including attorney's fees, if any, and fines shall constitute and become a lien on the lot so assessed when the Board of Directors causes to be recorded with the County Recorder of Butte County a

notice of assessment which shall state the amount of such assessment and such other charges, a description of the lot or other real property which has been assessed, and the name of the record owner thereof. Such notice shall be signed by the Secretary of the Association on behalf of the Association. Upon payment or other satisfaction of said assessment and charges in connection with which such notice has been so recorded, the Board of Directors shall cause to be recorded a further notice stating the satisfaction and the release of the lien therefrom. The authority to levy such assessment upon lots in the subdivision is granted to the Association by Eugene A. and Dorothy M. Ringel, developer of the subdivision, as part of the recorded Declaration of Restrictions imposed and to be imposed by it from time to time upon the various units comprising the subdivision.

Section 5. Priority of Lien. Such lien shall be prior to all other liens recorded subsequent to said notice of assessment except that liens of first mortgages and/or of first deeds of trust incurred for the purpose of purchasing the property or constructing a residence or other improvement thereon and which are recorded in accordance with applicable law shall be superior to any and all such liens provided for herein.

Section 6. Enforcement. The lien provided for herein may be enforced by sale by the Association, its attorney, or other person authorized to make the sale, after failure of the responsible party to pay the annual assessment in accordance with its terms, or shall be collectible by an action at law in the discretion of the Board of Directors. Such sale shall be conducted in accordance with the Provisions of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

Section 7. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in the subdivision, and, in particular, for the acquisition, improvement, and maintenance of properties, roads, flag lot driveways, services, buildings, and facilities devoted to this purpose, and related to the use and enjoyment of the common properties and by the members of the Association.

Section 8. Date of Commencement and Prorations. The annual assessment provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors to be the date of commencement. The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment as the remaining number of days in that year bear to 365. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

Section 9. Charges for Fines and Suspension of Privileges. The Board of Directors at any meeting, may, after an appropriate hearing, notice having been given in advance thereof to all Members directly affected, suspend any or all membership rights and privileges or impose a fine not exceeding fifty dollars (\$50.00) for each separate infraction or violation, against any Member or any person enjoying the privileges of the Association, for any infraction or violation of these By-Laws or of the rules and regulations of the Association, and the amount of such fine shall be payable as the Board of Directors shall direct, and may be added to the annual assessment of the owner of the property against whom the fine or penalty is imposed.

Section 10. Interest on Delinquent Assessments. If the assessment or fine is not paid within thirty (30) days after the date it becomes due and payable, the assessment or fine shall bear interest from the date of delinquency at the rate of seven percent (7%) per annum.

Section 11. In the event of any action to enforce any such lien or assessment not paid when due, the Member shall pay to the Association attorney's fees incurred in such action.

## ARTICLE IX AMENDMENTS

Section 1. New By-Laws may be adopted or these By-Laws, or any particular one (1) of these By-Laws, may be amended or repealed by the Members by the written assent of a majority of the voting power of the Members.

Section 2. Consent of Real Estate Commissioner. No amendment of the Articles of Incorporation or By-Laws which would materially change the rights, preferences, or privileges of any Member, or restriction upon any lot or living unit affected thereby, shall become effective until obtaining the written consent of the Real Estate Commissioner or the Commissioner of Corporations, or any other applicable regulatory agency, if required under the then existing rules and regulations of the Real Estate Commissioner and laws of the State of California.

ARTICLE X  
MISCELLANEOUS

Section 1. Record Date. The Board of Directors may fix a time in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members. The record date so fixed shall not be more than thirty (30) days prior to the date of the meeting. When a record date is so fixed, only Members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of membership certificates on the books of the Association after the record date.

Section 2. Inspection of Records. The membership register or duplicate membership register, the books of account, and minutes of proceedings of the Members, and the Board of Directors and the executive committee, if any, shall be open to inspection upon the written demand of any Member at any reasonable time and for a purpose reasonably related to his interests as a Member.

Section 3. Checks, Drafts, Etc. All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness issued in the name of, or payable to, the Association shall be signed or endorsed by the Treasurer or by such other person or persons, and in such a manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Annual Accounting. An annual report and account, including a statement of income and disbursements, shall be sent to the Members not later than thirty (30) days after the close of the Association's fiscal year.

Section 5. Fiscal Year. The fiscal year of the Association shall be that selected by the Board of Directors.

Section 6. Execution of Contracts. The Board of Directors, except as otherwise provided in the By-Laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument or document in the name of, and on behalf of, the Association and such authority may be general or confined to specific instances. Unless otherwise specifically authorized by the Board of Directors or otherwise required by law, formal contracts, promissory notes, and other such evidences of indebtedness, deeds of trust, mortgages, and other corporate instruments or documents requiring the corporate seal, shall be executed, signed, or endorsed by the President (or Vice President) and by the Secretary (or Assistant Secretary) or the Treasurer.

Section 7. Limitation of Powers. No contract shall be entered into with the developer of the subdivision which binds the Association for a period in excess of one (1) year without reasonable cancellation provisions included therein.

Section 8. Inspection of By-Laws. The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times during the office hours.

Section 9. These By-Laws shall become immediately effective upon their adoption.

#### ARTICLE XI PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

Section 1. No member, director, officer, employee, or other person connected with this corporation or any other private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the

corporation, provided, that this provision shall not prevent payment to any such person of reasonable compensation for services rendered to or for the corporation in effecting any of its purposes as shall be fixed by resolutions of the Board of Directors and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation. All members of the corporation shall be deemed to have expressly consented and agreed that on such dissolution or winding up of the affairs of the corporation, whether voluntary or involuntary, the assets of the corporation,, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed as required by the Articles of Incorporation of this corporation and not otherwise.

## ARTICLE XII DISTRIBUTION OF INCOME AND PROHIBITED TRANSACTIONS

Section 1. Notwithstanding any other provision in these By-Laws, the corporation shall be subject to the following limitations and restrictions:

(a) The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax laws.

(b) The corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax laws.

(c) The corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax laws.

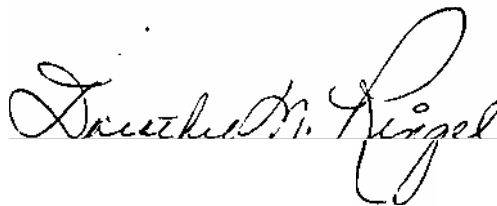
(d) The corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax laws.

(e) The corporation shall not make any taxable expenditures as defined in Section 4945 (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax laws.

#### CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS: I, the undersigned, the duly elected and acting Secretary of CAMELOT OWNERS' ASSOCIATION, INC., a California non-profit corporation, do hereby certify that the foregoing By-Laws were adopted as the By-Laws of the Association at a meeting of the Board of Directors thereof duly held on the 10<sup>th</sup> day of November, 1971, and that the same do now constitute the By-Laws of the Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Association this 10th day of November 1971.

A handwritten signature in cursive script, reading "Dorothy M. Ringel". The signature is written in black ink and is positioned above the typed name of the secretary.

**Secretary  
Dorothy M. Ringel**