

BYLAWS

OF

FRONTIER TRAIL HOMEOWNERS ASSOCIATION, INC.

Frontier Trail Homeowners Association, Inc. was originally incorporated under the name Frontier Homes Association. In this document, the abbreviated title “Association” shall stand for both the past and present names and shall represent the continuing corporate entity under both. The abbreviated title “the Board” shall stand for the Board of Directors of the Association.

ARTICLE I

THE PURPOSE OF THE ASSOCIATION

The purpose of the Association is to construct and maintain the primary access roads (as defined under EXHIBIT #1) and the mutual water system for the equitable benefit of all parcel owners within the Will-Serve Water Perimeter of the Association (as defined by EXHIBIT #2: Map Of The Will-Serve Water Perimeter of the Association) who maintain Active Member status in the Association. This Will-Serve Area lies within Sections 15 and 16, Township 25 Range 33 East, Mt. Diablo Base and Meridian near Kernville, California. The purpose of the Association also is to assist the County Fire Department in fire suppression; to purchase insurance as defined by law and desired by the membership; to maintain a Neighborhood Watch Program; and to maintain such funds as are necessary to perform all the above tasks under the statutory requirements of a non-profit, common interest development corporation in the State of California.

ARTICLE II

NON-PROFIT STATUS AND SECURITIES

The Association is non-profit. Membership in the Association does not constitute a security or devisable interest in common property or assets. If for any reason the Association is dissolved, a pro rata refund will be made to Active Members, up to the amount each has contributed. In the unlikely event that additional assets remain after return of contributions, any and all monies residing in the corporation or accruing from the sale of Association assets shall be deeded to a scholarship fund at the local high school. No gain or profit shall accrue to any Members upon the dissolution of the Association.

ARTICLE III

THE PRINCIPLE OFFICE

The principle office of the corporation shall be a residence in the unincorporated area of Kern County, Kernville, California, as determined by the President and announced in an annual or special meeting. The mailing address of the Association shall be P.O. Box 602, Kernville, CA 93238-0609.

ARTICLE IV

THE CORPORATE SEAL

The Seal of the Corporation shall be inscribed with the name **FRONTIER TRAIL HOMEOWNERS ASSOCIATION** and the number of incorporation. The Seal shall be in the possession of an Officer and permanent resident of the Frontier Trail area. This Officer shall be designated by the President. The corporate seal shall be affixed to contracts and other documents as determined by the Board of Directors.

ARTICLE V

ASSOCIATION MEMBERSHIP

SECTION 1: DEFINITION OF MEMBERSHIP STATUS. The Association maintains three membership classifications: **Active Members, Inactive Members, and Former Members.**

AN ACTIVE MEMBER is defined as the **owner** of a qualifying parcel within the tract designated under Article I who has no delinquent fees, dues, or assessments. (See ARTICLE XI, Delivery of Water Service, for conditions affecting Active Member status.)

AN INACTIVE MEMBER is defined as the owner of a qualifying parcel within the tract designated under Article I who has paid some moneys into the Association but has not paid all past and current Association fees, dues, and assessments.

A FORMER MEMBER is defined as the owner of a qualifying parcel within the tract designated under Article I who has submitted a written resignation to the Association or who has been terminated by the Association.

The Association also maintains an **ASSOCIATE MEMBERSHIP** for all parcel owners within the Will-Serve Area who are not ready to become active members but who would like to establish relations in this community. Associate Members have no voting status, but are invited to all Association meetings and functions. Associate Members pay only the yearly Communications Committee fee.

SECTION 2: APPLICATION FOR MEMBERSHIP IN THE ASSOCIATION.

Any real property owner of a parcel within the Will-Serve Water Boundaries of the Association may apply for membership in the Association in writing and that the Secretary shall respond to their request for membership.

If applying for **Active** Member status, the applicant must pay the Initial Water Service Connection Fee and any current dues and assessments as stipulated under Association policy. Any payments to the Association made by current or previous owners may be deducted from the Water Service Connection Fee.

If applying for **Inactive** Member status, an applicant will pay such fees as are determined by the Board or its representatives.

SECTION 3: EVALUATION OF MEMBERSHIP REQUESTS. Upon reception of the submittals defined under Section II, the Board will evaluate the request for membership and respond to the applicant by registered mail within ninety (90) days.

SECTION 4: REACTIVATING ASSOCIATION MEMBERSHIP. A terminated member of the Association may reapply as an Active Member. The Board will evaluate the application and submit the request along with its recommendations to the Membership for a vote. A majority vote of the Members is required to reinstate any terminated member.

SECTION 5: TERMINATION OF MEMBERSHIP. Any Member not performing in accordance with the Bylaws and Policies of the Association may be terminated from membership in the Association except in such cases as specifically prohibited by California law. The Board shall establish reasonable protocols and standards for termination. In event of an impending **involuntary** termination of a Member of the Association, the Board shall review the conditions for termination and make a recommendation to the Membership. A majority vote of the Active Members is required to terminate a Member involuntarily.

Any Member seeking to **voluntarily** terminate relations with the Association may do so by submitting a written notice of resignation to the Association's office. Such notice will relieve the Association from an obligation to provide road or water service to the former Member's parcel.

ARTICLE VI

GENERAL RIGHTS AND OBLIGATIONS OF MEMBERS

SECTION 1: ACKNOWLEDGEMENTS. Owner/Members in the Association acknowledge that:

- 1) They are solely responsible for any and all costs incurred for any new survey and/or road construction required to install new roads from the Association's main roads to their parcels or to upgrade "spur" roads not maintained by the Association or to make such road improvements as required by the fire department. The Association may maintain or **improve** any such roads upon completion.
- 2) They are solely responsible for negotiating and recording any easements required for new or upgraded roads and/or waterlines. They are also solely responsible for any and all costs incurred in this process.
- 3) They are solely responsible for any and all costs incurred in the **installation** of connections to the Association's main waterlines inside their parcel boundaries.
- 4) They agree that water service will be provided only to the nearest possible boundary of their parcel or in a manner designated by the Water Committee Chairman.
- 5) They agree to follow the directives of the Water Committee Chairman regarding the installation of all waterlines including those from the boundary of the property to any residence. The Water Committee Chairman shall designate the location for placement of the water meter.
- 6) They agree to install at their own expense a fire hydrant-like water connection within 500 feet, and preferably within 150 to 50 feet of any new residential structure. This connection shall be on no less than a 2-inch supply line, and preferably a 2-1/2 to 4-inch line. It shall have a 1-1/2-inch, 2-inch, or 2-1/2-inch National Standard threaded connector as recommended by the Water Committee Chairman and/or the Fire Department.
- 7) They agree to the existing locations of Association roads and water services and further agree to any such reasonable changes in road or water service locations as the Association deems necessary to improve the functioning of the system and the safety of its members.
- 8) They agree to install at their own expense a Board-approved water meter and, if required, a pressure reduction valve before water service will be supplied. They shall also agree that they own and will properly maintain the water meter.
- 9) They agree not to connect any non-Association water source to Association lines or to their own water lines without the prior approval of the Water Committee Chairman.

- 10) They agree to install and maintain anti-siphon valves on all exterior faucets immediately upon installation.
- 11) They shall be responsible for the maintenance and/or replacement of his or her water service line from the point of the meter. This responsibility includes the connection sleeve, water meter and assembly, meter box or encasement. The Water Committee Chairman shall be notified immediately of any damage to or replacement of water service line.
- 12) They shall be responsible for the installation, maintenance and replacement of any pressure reducing devices necessary to reduce water main pressures for domestic use. Each owner shall notify the Water Committee Chairman prior to the connection to the water system. Each owner understands that any damage incurred from failure to install such device or failure of such device shall be that owner's responsibility.
- 13) They understand that Membership in the Association includes an undivided interest in the road system.
- 14) The main road is for the use of all members.
- 15) All dues and assessments must be fully paid prior to any construction occurring on any parcel. The member must be **active**. Construction includes grading and road building on the parcel.
- 16) An **individual** member will be responsible for any damage to the road or water system caused by their actions or the action of their agent or contractor.
- 17) No member, on behalf of the FTHA, shall enter into any verbal or written agreement with any other landowner regarding roads, or water systems including the transfer of water rights, and/or any real property involving the Association, without prior Board approval. (amended 1-5-05)

SECTION 2: WATER QUALITY. All Association Members recognize that the quality of the water varies, meaning that the chemical and mineral composition fluctuates according to subsurface and seasonal conditions. Water softeners and/or filters may be necessary to supply any acceptable level of water quality at a consistent rate. The owners agree that the responsibility for the installation, maintenance and replacement of individual water softeners and/or filters lies with each owner with respect to his or her parcel.

SECTION 3: GUARANTEES OR WARRANTIES. All Association Members understand and agree that there are no guarantees or warranties relating to the installation of any materials used for said water system and that no owner makes such representations

to another owner. The owners further understand that said water system has been installed in accordance with the Kern County/State of California Environmental Health Department's requirements.

ARTICLE VII

MEETINGS OF MEMBERS

SECTION 1: MEETING LOCATIONS. Meetings of the Members of the Association shall be held at the principle office of the Association in Kernville, California, or at any other location in the Kernville area designated by the President. Members shall be duly informed of the location of meetings in all meeting announcements.

SECTION 2: GENERAL MEETINGS. A general meeting of the Members shall be held in June or July to conduct the business of the Association as it pertains to the Members under the Bylaws and to elect officers and Board Members. Another general meeting of the membership to conduct the business of the Association as it pertains to the Members under the Bylaws will be held in January, or February.

SECTION 3: SPECIAL MEETINGS. A special meeting of the Association may be called by the President or his designee, by four or more Officers and/or Directors, or by not less than one-half of the Active Members.

SECTION 4: NOTICE OF MEETINGS. All Active Members and Inactive Members of the Association shall receive notice of the June/July and January/February membership meetings. Notice of all other meetings will be sent to Active Members. Inactive Members who have requested in writing to be notified of any and all meetings of the Association's members will also be notified.

Notice of all meetings shall include the proposed agenda.

Notice of all meetings shall be in writing and shall be posted by the Secretary no less than ten (10) days prior to any meeting. A mailed notice shall be deemed delivered.

SECTION 5: NOTICE OF EMERGENCY MEETINGS. In emergency situations or in situations demanding rapid action by the Board or the Association to protect or enhance the assets and/or benefits of the Association, telephone notice may be employed. This notice shall be no less than ten (10) days in advance of the meeting date. Every reasonable effort shall be made to contact all Active Members and all Inactive Members who have filed a written request for meeting notifications. A written record of all telephone contacts, or attempted contacts, shall be kept by the notifying party and this record shall be attached to the public records of the Association.

SECTION 6: DETERMINATION OF A QUORUM. A quorum shall constitute 50% of the Active Members either in person or as represented by written proxies. A

proxy vote on a specific item may be accepted by telephone call to the President and one other Officer. In absence of a quorum, no Association business may be voted upon.

At any meeting where a quorum is established, Members may continue to transact business until adjournment notwithstanding the withdrawal of enough members to constitute a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting. Members withdrawing prior to adjournment may appoint a proxy representative.

SECTION 7: VOTING RIGHTS. Only Active Members may vote on Association business except in such cases as specifically identified under California law. Owners are granted one (1) voting right for each fully paid parcel.

SECTION 8: PROXY VOTES. An Active Member may designate a proxy representative to vote at meetings. A proxy may be general or specific and may apply to any meeting or for any period of time.

SECTION 9: RIGHT OF INACTIVE MEMBERS. Inactive Members may attend all membership meetings of the Association and participate in the decorous discussion of all Association business. Inactive Members may not hold office in the Association nor are they granted voting rights except in such situations as specifically recognized by California law.

SECTION 10: ROSTER OF MEMBERS. Upon request, a roster of current Active Members will be sent to all Active Members following the annual meeting in June/July.

ARTICLE VIII

THE BOARD OF DIRECTORS

SECTION 1: POWERS OF THE DIRECTORS. The affairs of the Association shall be managed by the Board of Directors. The Board is empowered to adopt such Policies as it sees fit for the management of the Association's assets and interests within the guidelines of the Association's Bylaws and also within the applicable provisions of the Davis-Sterling Common Interest Act.

SECTION 2: ELECTION OF THE BOARD OF DIRECTORS. Elections for the Board of Directors shall be held at the annual meeting in June/July.

SECTION 3: NUMBER, TENURE, AND QUALIFICATIONS OF DIRECTORS. Any Active Member or his duly appointed representative may be eligible for election to the Board. A Board Member must have a vested interest in the property he/she represents. The number of Directors shall be nine (9). This number shall include the President, Vice President, Secretary, and Treasurer. The President, Vice President,

Secretary, and Treasurer shall be elected annually. All other Directors shall be elected to a minimum of three-year terms and these terms shall overlap such that three (3) three-year Directors are elected each year.

SECTION 4: RE-ELECTION OF OFFICERS AND DIRECTORS. All Directors or Officers are eligible for re-election at the expiration of their terms in office.

SECTION 5: REMOVAL OF OFFICERS AND DIRECTORS. Any Officer or Director may be removed by a majority vote of the membership at any meeting in which this matter is noticed according to Article V Section 4.

SECTION 6: BOARD VACANCIES. The Board may fill any vacancy on the Board for a period not to exceed one (1) year, or until such time as the Membership can vote on the filling of a vacancy at the annual meeting in June/July or at a special meeting.

SECTION 7: MEETINGS OF THE BOARD. The Board shall meet no less than once every quarter of the fiscal year. The time of such meetings shall be determined by the President.

The President, his designee, or four or more Members of the Board may also call any such meetings as deemed necessary for the management of the affairs of the Association.

Meetings of the Board shall be held at the Association's office or at any location in the Kernville area designated by the President, his designee, or four or more Board Members.

SECTION 8: NOTICE OF REGULAR MEETINGS OF THE BOARD. Notice of any regular meeting of the Board shall be given fourteen (14) days in advance by telephone, by bulletin board to resident members, or by mail. Such notice shall state the agenda of the meeting.

SECTION 9: DETERMINATION OF A QUORUM. A quorum shall constitute **five (5)** Directors. In absence of a quorum, no Association business may be voted upon.

Directors may not be represented at meetings by proxy.

Directors may attend meetings and vote **via conference calls**.

At any meeting where a quorum is established, Directors may continue to transact business until adjournment notwithstanding the withdrawal of enough Directors to constitute a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting.

SECTION 10: EMERGENCY POLICIES ADOPTED AND ACTIONS TAKEN IN LIEU OF A MEETING OF AND ACTIONS BY THE BOARD. In situations demanding immediate action to protect the assets and/or interests of the Association, the

President operating in concert with a minimum of two (2) Board Members may adopt emergency policies and take emergency actions. Such emergency policies and actions shall be immediately noticed in writing to all Board and Active Members and a meeting of the Board shall be noticed within thirty (30) days to ratify any such policies and/or actions.

SECTION 11: WAIVER OF NOTICE. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 12: COMPENSATION OF DIRECTORS. No director shall receive compensation for service on the Board.

With the prior approval of the President, expenses not exceeding \$100 incurred by Directors while conducting Board authorized business may be reimbursed.

SECTION 13: LIABILITY OF DIRECTORS, OFFICERS AND COMMITTEE CHAIRPERSONS (amended 6-06) **OF THE ASSOCIATION.** The Directors, Officers and Chairpersons (amended 6-06) of the Association shall not be personally liable to the corporation or its members for monetary damages for a breach of fiduciary duty unless the breach involves:

- 1) A Director's, Officer's or Chairperson's duty of loyalty to the Association and/or its Members;
- 2) Actions or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law;
- 3) Transaction from which an Officer, Director or Chairpersons AMENDED AS OF 6-06 derives improper personal benefit;
- 4) Acts or omissions occurring prior to July 11, 1993;
- 5) Acts or omission of gross negligence.

The Association shall carry such insurance as necessary to provide as necessary to provide both Officers, Directors, Committee Chairpersons (AMENDED AS OF 6-06) and the Association protection against legal actions brought against either the Association or its Officers and Directors which might result from actions taken in good faith by Officers or Directors in the name of the Association.

ARTICLE IX

OFFICERS OF THE ASSOCIATION

SECTION 1: OFFICERS OF THE ASSOCIATION. The Officers of the Association shall be President, Vice President, Secretary, and Treasurer.

SECTION 2: ELECTION OF OFFICERS. The officers shall be elected at the annual June/July meeting of the Membership. Their terms shall be for one (1) fiscal year or until such time as successors are duly elected. The fiscal year of the Association is from July 1, through June 30.

SECTION 2A: REMOVAL OF OFFICERS AND DIRECTORS. Officers, Directors and Committee Chairpersons (amended 6-06) who are inactive for six months or more shall be removed and replaced by the Board.

SECTION 3: THE PRESIDENT. The President shall supervise the general business affairs of the Association and shall call for meetings as needed to conduct these affairs. The President shall oversee the work of standing and/or ad hoc committees, and shall be an ex-officio member of such committees.

The actions of the President shall be subject to and constrained by the Bylaws and Policies of the Association, as well as the authorized annual budget and the majority vote of the Directors.

SECTION 4: VICE PRESIDENTS. The Association shall have two Vice Presidents, a **Vice President of Roads** and a **Vice President of Water**. Each shall have primary responsibility for the management of his/her specific area and shall report to the President.

In the absence of the President, the Vice Presidents shall, in cooperation, perform the duties of the President.

In the absence of the President and when dealing with specific problems or questions relating to either roads or water service, the Vice President not responsible for the problem area will act as President. (This is to create a checks-and-balances situation).

SECTION 5: THE SECRETARY. The Secretary shall keep the Minutes of all Association meetings. The Secretary also shall keep complete and orderly records of amendments to the Bylaws and Policies of the Association. As requested by the President, his designee, or four (4) or more Directors, the Secretary shall notice all meetings of the Board and general membership. The Secretary shall send Minutes of meetings to all Directors or Members (as appropriate) and shall read such Minutes at the next meeting for approval by the Board or Membership. The Secretary shall perform other duties common to the office or as requested by the Directors or President.

SECTION 6: THE TREASURERS. The Association will have a Treasurer of Water and a Treasurer of General Operations. Within their individual areas of responsibilities, the Treasurers shall have custody of all funds, keep and maintain accurate records of dues and assessments of all Members, and shall perform other such duties as

prescribed by the President or Board. The Treasurer of General Operations shall submit Quarterly Financial Reports. The Treasurers shall also, in cooperation with the Financial Committee, submit the Annual Budget Proposal and the Annual State-of-the-Association Report in June/July.

ARTICLE X

STANDING COMMITTEES

At the annual meeting in June/July, the President shall appoint the following standing committees and their chairpersons (amended 6-06). Any Active Member may be the Chairperson (amended 6-06) of a standing committee. All committee chairpersons (amended 6-06) shall report to the President or a Vice President designated by the President.

SECTION 1: THE ROAD COMMITTEE. The Road Committee shall be responsible for the routine maintenance of the primary access roads, and may authorize the work of an independent contractor within the limits of the annual budget. The committee shall make recommendations to the Board in all matters relating to the maintenance, upgrading and safety of the road system.

SECTION 2: THE WATER COMMITTEE. The Water Committee shall be responsible for monitoring the existing water system. It is also the responsibility of this committee to plan for the long-term maintenance and anticipated expansion of the system and to report its findings and recommendations to the Board.

The Committee shall ensure that all County and State water tests are conducted in the appropriate manner and that all appropriate health and safety standards are met. The committee shall also keep complete and orderly reports of all required water tests and treatments, and shall further notice all Members of such actions in compliance with state law.

The Chairperson of the Committee may appoint a **Watermaster** who shall maintain a record of the location, age, performance and output of all wells and pumps as well as the site, age, and condition of all valves, tanks and water lines.

The Chairperson shall make every reasonable effort to employ cooperative member labor when dealing with both emergency and normal development projects.

At the direction of the Chairperson, an independent contractor may be employed to perform any services that cannot be performed by members of the Association.

SECTION 3: THE FINANCE COMMITTEE. The Finance Committee shall prepare the Annual Budget Proposal for approval by the Board and Membership. The Committee shall propose the annual dues and water rates for vote by the Membership at the annual June/July meeting.

The Committee shall also conduct an appraisal of the value of the water system and related Association facilities every four years to be used in determination of an equitable Water Service Connection fee.

This Committee shall include the President or Vice President, Treasurer and two other Directors or Active Members.

SECTION 4: THE BUSINESS, LEGAL, AND INSURANCE COMMITTEE. This Committee shall monitor the Association's business to ensure that appropriate insurance and corporate status are maintained, and to further ensure that **all required** corporate reports, not relating to the water system, are submitted in a timely manner to the appropriate agencies.

The Committee shall alert the Board to possible liability in all business matters and shall also ensure the proper use of the seal on Association documents.

This Committee may include the Vice President, Secretary and two other Directors.

SECTION 5: COMMUNICATIONS COMMITTEE. Effective operation of any common enterprise requires ongoing maintenance of constructive communications. This committee shall seek out and initiate activities that promote a climate of positive and improving communications within the Association.

ARTICLE XI

CONTRACTS, BANKING, AND INSURANCE

SECTION 1: CONTRACTS. Any standing Committee Chairperson (amended 6-06) or Officer pursuing business authorized by the Board may negotiate a contract with an independent contractor or insurance agent to provide an instrument, document, or service for the use or benefit of the Association.

The Board shall determine protocols for the management of contracts and the disbursement of funds.

SECTION 1A: DISBURSEMENT OF FUNDS. Prior to consideration by the Board, any proposal or change in excess of \$1,000 must be approved by the appropriate committee.

SECTION 2: THE ANNUAL AUDIT. The President and the Chairperson (amended 6-06) of the Finance Committee shall ensure that an annual audit is conducted of all financial transactions of the Association. This audit shall be conducted by a Board Member and a Member-At-Large who is not an Officer of the Association. An Audit Report shall be presented at the first meeting of the Board following the completion of the audit.

SECTION 3: INSURANCE. The Association shall carry such insurance as deemed necessary by the Board.

SECTION 4: INITIAL WATER SERVICE CONNECTION FEE APPRAISAL. It is the intent of the Association to plan its water and road development programs in a manner that endeavors, to the best of its ability, to maintain a real-dollar parity between the 1993 Service Connection Fee and all future Connection Fees. As the integrity of the water delivery system is assured (phase #1), planning will shift to road development.

ARTICLE XII

THE ADOPTION OF AN ANNUAL BUDGET

SECTION 1: THE PROPOSED ANNUAL BUDGET. The Finance Committee Chairperson (amended 6-06) shall prepare an Annual Budget Proposal for approval by the Membership at the annual June/July meeting. A copy of this Proposal shall be mailed to all Active Members no less than thirty (30) days in advance of the date of the Annual Meeting.

SECTION 2: APPROVAL OF THE ANNUAL BUDGET. Approval of the Annual Budget and/or any of the fee, dues or assessment schedules shall be by majority vote of the Active Members represented at the annual June/July meeting.

SECTION 3: USE OF APPROVED BUDGET FUNDS. Upon approval of the Annual Budget by the Membership, Officers and Committee Chairperson (amended 6-06) shall be authorized to use Association funds for the purposes stated in the budget.

Any use or disbursements of Association funds in amounts less than **\$2,500** that are not noted under the Annual Operating Budget (A) must be approved by the Board.

Any use or disbursements of Association funds in amounts of more than **\$2,500** that are not noted under the Annual Operating Budget (A) must be approved by the Membership.

Any changes in these amounts shall be approved by a majority vote of the Members at the Annual Meeting and duly noted in an addendum to the Bylaws.

SECTION 4: SPECIAL OR EMERGENCY ASSESSMENTS. In case of disaster or emergency, or any other situation including non-payment by any of the Members, or the amount assessed by the Association proves to be inadequate to maintain water or road service or enable the Board to carry out its duties and responsibilities, the Board is authorized to levy a special assessment to cover the cost of the emergency, the need, or the disaster.

SECTION 5: SPECIAL ASSESSMENTS FOR NON-PARTICIPATION IN COOPERATIVE PROJECTS. It is the intent and long-standing practice of the Association to maintain low annual dues and assessments through the use of the unpaid cooperative services of its Members. Such cooperative service adds value to the worth of the Association and its assets and thus value to each Member's parcel and share in the water service. Members are granted extreme latitude in deciding the manner in which they chose to contribute to the cooperative functioning of the Association. However, in such instance as a Member or Members are deemed to be profiting from the unpaid services of other Members by failing to perform cooperative service, the Board may propose the assessment of a Special Services fee for non-participation. This fee shall reflect an average value of services rendered by Association Members if such services were contracted. This fee shall be calculated by the Board in good faith. Assessment of this fee must be approved by a majority of the Members at a general meeting.

SECTION 6: SPECIAL ASSESSMENTS FOR MEMBERS DESIRING TO BE RELIEVED OF COOPERATIVE SERVICE OBLIGATIONS. Any Active Member desiring to be relieved of cooperative service obligations to the Association via the payment of an annual **Cooperative Service Waiver Fee** may request such relief in writing to the Board. The Board will respond to such requests within sixty (60) days and propose to the Membership an appropriate Cooperative Service Waiver Fee. A majority vote of Members represented at a regular or special meeting shall be required for the adoption of a Cooperative Service Waiver Fee.

Any Active Member paying the annual Cooperative Service Waiver Fee shall be considered a Member in good standing.

ARTICLE XIII

A. DELIVERY OF WATER SERVICE

SECTION 1: DEFINITION OF A QUALIFIED WATER SERVICE USER. A Qualified Water Service User shall be defined as any parcel owner within or partially within Sections 15 or 16, Township 25 Range 33 East, Mt. Diablo Base and Meridian near Kernville, California, and as further defined by EXHIBIT #2: Map of the Will-Serve Water Perimeter who is maintaining Active Member status.

SECTION 2: GRANTING OF WATER SERVICE. Water service shall be granted via metered systems only. All Qualified Water Service Users shall be granted water service except under conditions set out in Section 6 and Section 8 of this Article.

SECTION 3: USE OF ASSOCIATION WATER BY A QUALIFIED WATER SERVICE USER. Association water may be used by any Qualified Water Service User on any or all contiguous parcels as long as the additional parcels are not developed, which he/she owns within the Will-Serve Perimeter of the Association. Each parcel must qualify for metered water service.

SECTION 4: PAYMENT OF ANNUAL DUES AND ASSESSMENTS AND QUARTERLY WATER USE FEES. All annual dues and assessments shall be according to schedules determined by the Board.

All quarterly water use fees (water bills) shall be paid within thirty (30) days of the date posted.

All dues and assessments shall be billed and mailed to the property owner.

SECTION 5: DELINQUENT PAYMENTS. All annual dues and assessments not paid in full by the due-date determined by the Board shall be deemed delinquent.

All quarterly water use fees not paid in full within thirty (30) days of the date posted shall be deemed delinquent.

SECTION 6: DISCONTINUANCE OF WATER SERVICE FOR NON-PAYMENT OF FEES AND/OR ASSESSMENTS. If a Member, after second notice, does not comply with the request for payment of dues, fees, or assessments, the Board shall instruct the Secretary to send the delinquent Member a fourteen-day (14) "Notice of Delinquency and Impending Discontinuance."

If the delinquent dues, fees and/or assessments are not paid within the time required by the notice, the Board may order the Water Committee Chairperson (amended 6-06) to **terminate** service in accordance with State Health and Safety laws.

SECTION 7: NEGOTIATION OF PAYMENTS. If upon receipt of a 14-day Discontinuance Notice a Member is unable to pay but wishes to maintain service, he/she must contact the Board **before** discontinuance of service to make payment arrangements to avoid discontinuance. Parcel owners may submit for consideration special plans for the payment of delinquent dues, fees, and assessments. The Board or any two (2) delegated Officers may negotiate special payment plans which are fair and equitable and which do not materially disadvantage the Association and/or its Members.

Member will, however, remain on inactive status until all assessments and penalties are fully paid.

SECTION 8: OTHER CAUSES OF WATER SERVICE DISCONTINUANCE. Water service may also be discontinued under the following circumstances:

- A) WASTING WATER.** Every Member of the Association has the obligation to see that water is used only for normal living purposes and that it is not wasted. When negligent or wasteful water use is found to exist on a Member's premises, the Board may discontinue service if such practices are not remedied within five (5) days after the Board has given the Member written notice.

B) FRAUDULENT USE OF SERVICE. If it has been discovered that a Member has obtained service by fraudulent means, or has diverted water service for unauthorized use, or has contracted to sell Association water to non-qualified parties, service may be **discontinued without notice**.

C) INAPPROPRIATE OR UNAUTHORIZED USE OF UNMETERED FIRE SERVICE CONNECTIONS. Unmetered Fire Service connections are to be used strictly for fire suppression except where authorized by the Water Committee Chairperson (amended 6-06) . An unauthorized use of these connections is deemed cause for **immediate termination** of water service.

SECTION 9: RESTORATION OF SERVICE. Where service has been discontinued for violation of these Association rules, the Board may impose a reasonable reconnection fee.

SECTION 10: LOSS OF VOTING RIGHTS. A water service user in default loses Active Member status and accompanying voting rights except in those circumstances specifically noted under state law.

B. ROADS

SECTION 1: The main road is for the use of all members.

SECTION 2: All dues and assessments must be fully paid prior to any construction occurring on any parcel. The member must be **ACTIVE**. Construction includes grading and road building on the parcel.

SECTION 3. An **INDIVIDUAL** member will be responsible for any damage to the road or water system caused by their actions, or the action of their agent or contractor.

ARTICLE XIV

AMENDMENT OF BYLAWS

SECTION 1: AMENDMENT PROCEDURE. These Bylaws may be amended or repealed by a two-thirds (2/3) vote of the Active Members represented at any regular or special meeting where the proposed amendments have been duly noticed.

An amendment to these Bylaws may be requested by any Member by presenting the proposed amendments to the Board in writing for consideration and presentation at the next meeting of the Members.

SECTION 2: RECORD OF AMENDMENTS. Upon the adoption of a new or amended Bylaw, it shall be copied into the Book of Bylaws under the appropriate heading and section.

If a Bylaw is repealed, the fact of the repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be noted in said book and the repealed articles or sections shall be removed to the appropriate section and heading in the rear of the book which shall serve as a history of the Bylaws.

ARTICLE XV

ASSOCIATION POLICIES

SECTION 1: ADOPTION OF POLICIES. The Board is empowered to adopt such Policies as it sees fit for the management of the Association's assets and interests within the guidelines of the Association's Bylaws and within the applicable provisions of the Davis-Sterling Common Interest Act.

All policies must be adopted by majority vote of the Board operating within the Articles and sections for the operation of the Board.

Members may propose Policies by presenting the proposed policy to the Board in writing for consideration at the next meeting of the Board.

All policies shall confirm to the applicable requirements of the Davis-Sterling Common Interest Act.

SECTION 2: DISCLOSURE. All Bylaws and Policies are public information and are available for inspection within ten (10) days notice of request. All records of the Association are available for inspection by Members upon ten (10) days notice.

EXHIBIT 1

EXHIBIT 2

NOTE:

(THE FOLLOWING MAP IS NOT PART
OF THE OFFICIAL BYLAWS).

THIS MAP IS REFERENCED ONLY AS TO
REFLECT THE NAMES OF THE
CURRENT PROPERTY OWNERS
AS OF AUGUST 13, 2002