

BY-LAWS OF THE
CARMEL KNOLLS PROPERTY OWNERS ASSOCIATION, INCORPORATED

ARTICLE I

NAME

The name of this organization is CARMEL KNOLLS PROPERTY OWNERS ASSOCIATION, INCORPORATED (hereinafter called "Association"), which shall be a non-profit corporation.

ARTICLE II

PURPOSE, POLICY and FUNCTION

Section 1: The Association shall be composed of a group of civic-minded property owners who will take constructive and watchful interest in the development of the Carmel Knolls Sub-division and the Lower Carmel Valley in all of its phases and be responsible for the gathering and dissemination of information.

Section 2: The policy of the Association shall be formulated on the basis of present needs and future objectives providing the greatest benefits for Carmel Knolls and the Lower Carmel Valley. Either alone or in conjunction with other organized Valley groups, the Association shall take appropriate action whenever necessary.

ARTICLE III

MEMBERSHIP

Section 1: All persons owning solely or jointly with others, improved or unimproved real property in any of the Carmel Knolls Sub-divisions adjacent to Carmel Valley, Monterey County, California are eligible for membership in the Association.

Section 2: There shall be two classes of membership: Class A and Class B. Class A membership shall consist only of those individuals who own improved real property within said Sub-division. Class B membership shall consist of all members not eligible for Class A membership. Real Property shall be deemed to be "improved" within the meaning of this section only if there is an inhabitable dwelling thereon.

Section 3: No membership shall be transferable voluntarily or otherwise.

Section 4: Any person qualified for Class A or Class B membership may apply for membership by signing and delivering to the Membership Committee Chairman or Board Secretary a letter of intent and by paying the required annual dues.

Section 5: The Secretary of this Association, or another board member as designated, shall keep a membership book containing the name and address of each member. Termination of any membership must be recorded in the book, together with the date on which the membership ceased.

Section 6: Members of the Association are not personally liable for the debts, liabilities, or obligations of the Association or of any of its officers.

ARTICLE IV

DUES

Section 1: New members shall pay annual dues at the time of joining the Association.

Section 2: All members shall pay annual dues of an amount agreed on by the Board, payable in advance. Dues shall be payable when the notification of payment due is mailed out, but not later than April 1 of each year and will be considered delinquent on the 31st of May of the year for which payable.

Section 3: In the event a member's dues become delinquent, the Board of Directors may terminate said membership and declare vacant any office in the Association, which the member may hold.

ARTICLE V

LOSS OF AND REINSTATEMENT OF MEMBERSHIP

Section 1: Membership shall be terminated by:

- A. Resignation, or
- B. Death, or
- C. Termination of ownership in real property in Carmel Knolls, or
- D. As provided in Article IV, Section 3.

Section 2: Any member whose membership has been terminated may, if qualified, again become a member upon applying in the same manner as a new member and upon payment of initiation fee; provided however, that individual whose membership was terminated by reason of the non-payment of dues must pay, in addition to reinstatement fee, his delinquent dues.

ARTICLE VI

VOTING AND THE RIGHT TO HOLD OFFICE

Section 1: Each member shall be entitled to one vote for each lot of real property which he owns, solely or jointly with others, provided, however, that in the case of joint ownership in respect to a single lot, only one of the joint owners shall be entitled to vote. ("Lot," as used in this Section 1, shall mean a lot on which a dwelling house has been erected in conformity with the laws of the State of California, the ordinances of Monterey County and the reservations, conditions and restrictions of the original sub-dividers of the Carmel Knolls Subdivisions.)

Section 2: Any Class A member shall be entitled to be President, Vice President, Secretary or Treasurer in the Association; Class A and Class B members may serve on any committee of the Association except the Building Plans Committee. In certain circumstances, renters or lessees may serve on a committee, except for the Building Plans Committee, but have no vote or member standing.

Section 3: All Association members may vote by proxy. Proxies are limited to one membership meeting and must be in writing, signed and dated by the member giving the proxy and delivered to the Secretary or acting Secretary before the commencement of the membership meeting. A proxy may be revoked at any time prior to its use by giving written notice of revocation to the Secretary or acting Secretary.

ARTICLE VII

OFFICERS AND DIRECTORS

Section 1: The officers of the Association shall be President, Vice-President, Secretary and Treasurer. The offices of Secretary and Treasurer may be held by the same person at the discretion of the membership.

Section 2: The Board of Directors shall consist of the officers and up to four (4) elected directors. Each of the four (4) elected directors must be a Class A member.

Section 3: Officers and Directors shall be members of the Association in good standing. Officers and Directors shall hold office for up to three (3) calendar years and until their successors are elected or appointed. Any vacancies in the office of

director or officer shall be filled for the unexpired term by a member chosen by the Board of Directors.

Section 4: The Directors and the respective officers of the Association shall have such powers and perform such duties as are customarily performed and are associated with their respective positions in non-profit public benefit corporations. The Board of Directors will report any actions, together with a report of all meetings at the next membership meeting.

ARTICLE VIII

MEETINGS

Section 1: A general meeting of the membership shall be held once each year, at such time and place as may be designated by the Board of Directors. A special meeting of the membership may be called by the President, Secretary or Board of Directors, or upon the request of any ten (10) members acting jointly. Notice of time and place of meeting shall be mailed or emailed to the members at least three (3) days prior thereto, or posted on the website, and shall designate, in the case of special meetings, the purpose of such meeting.

Section 2: Regular meetings of the Board of Directors shall be held in January of each year and thereafter every two (2) or three (3) months at such time and place as may be designated by the President. A special meeting of the Board of Directors may be called by the President, Secretary or by any three (3) members of the Board of Directors acting jointly. Notice of time and place of a special meeting shall be by telephone or written notice at least twenty-four (24) hours before such special meeting.

Section 3: At any regular or special meeting of the membership, a quorum for the transaction of business shall consist of the presence of not less than 35% of the outstanding votes of the membership. A quorum at any regular or special meeting of the Board of Directors shall consist of not less than four (4) members of the Board.

ARTICLE IX

ELECTION OF OFFICERS AND DIRECTORS

Section 1: The election of officers and directors shall take place at the regular annual winter meeting of the membership. At least sixty (60) days before such

meeting, the Board of Directors shall seek nominations from the Board and from members of the Association. The Secretary shall make a written report of nominations, which shall be communicated by mail, email or website posting to the membership at least seven (7) days before the elections.

Section 2: Officers shall be elected by majority vote and in the following order: President, Vice-President, Secretary and Treasurer. Before the election in respect to each office, nominations may be made from the floor provided the person nominated is present or his written consent to accept the position is exhibited.

Section 3: After the election of officers, all nominees for directors shall be placed on the ballot and the members will vote for not more than seven (7) nominees of their choice. The four (4) members receiving the highest number of votes shall be deemed elected as directors. Nominations for directors may be made from the floor in the same manner as is provided for in regard to officers.

Section 4: The Directors and the respective officers of the Association shall assume and perform their respective duties only after the membership meeting during which they were elected. The retiring officers will be in charge of such meeting.

ARTICLE X

COMMITTEES

The following committees shall be appointed by the Board of Directors:

Section 1: Membership Committee, consisting of a chairman and two members drawn from the Board and/or members of the Association. The purpose of this committee shall be to engage and solicit new owners of the Carmel Knolls neighborhood to join the Association, and to track membership status.

Section 2: Communications Committee consisting of a chairman and two members drawn from the Board and/or all members of the Association. The purpose of such committee shall be to act as liaison between members and Association directors and to see that both are kept advised of Carmel Knolls activities and needs. This committee will be tasked with print and digital communications, including the website.

Section 3: Community Safety Committee consisting of a chairman and two members drawn from the Board and/or all members of the Association. The purpose of such committee shall be to stay abreast of concerns in the community such as fire

hazards, burglaries, road conditions, emergencies in coordination with local officials and agencies and the Lower Carmel Valley communities. The committee will be tasked with reporting on and advising about issues concerning the safety of the Knolls and adjacent lands.

Section 4: Building Plans Committee consisting of a chairman and two (2) to four (4) Class A members. The purpose of the Building Plans Committee shall be to consider all plans for home additions or new construction at the Carmel Knolls subdivisions. Approval of this committee is necessary before any such addition or new construction is begun.

Section 5: As need arises other committees shall be created by the Board of Directors.

ARTICLE XI

PROCEDURES

Unless otherwise provided for in the By-Laws, Roberts' Rules of Order shall govern procedure at all meetings of the Board of Directors and the members.

ARTICLE XII

AMENDMENTS

Amendments to these By-Laws may be proposed by the Board of Directors or ten (10) members of the Association acting jointly. A proposed amendment shall be adopted when it receives the affirmative vote of two-thirds of the members, provided that notice of the time, place, and date of such meeting and the full text of the proposed amendment shall have been sent to every member of the Association at least seven (7) days prior to the date set for such meeting.

ARTICLE XIII

The Association is one, which does not contemplate pecuniary gain or profit to members thereof, and it is organized solely for non-profit purposes. Upon the dissolution of this Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to a non-profit fund, foundation or corporation selected by the officers of this Association. The non-profit fund, foundation or corporation must be organized and operated exclusively for charitable, educational or scientific purposes, and have a tax-exempt

status under Section 501 © (3) of the Internal Revenue Code. If this Association holds any assets on trust, such assets shall be disposed of in such manner as may be directed by decree of the Superior Court of the county in which this Association's principal office is located, upon petition, therefore, by the Attorney General or by any person concerned in the liquidation.