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**BY – LAWS
Of
DIAMOND SPRINGS ESTATYES HOMEOWNERS ASSOCIATION, INC.**

Principal Office:

Section 1. The principal office for the transaction of the business of the corporation is fixed and located at Diamond Springs, El Dorado County, California. The Board of Directors may at any time or from time to time change the location of the principal office from one location to another in this County.

II

Purposes:

Section 1. These By-Laws set forth the terms and conditions and general rules governing DIAMOND SPRINGS ESTATES HOMEOWNERS ASSOCIATION, INC., a California Non – Profit Corporation, and shall be deemed as By-Laws. All references in these By-Laws to “lot” or “Plot” shall refer to real property in the subdivision known as DIAMOND SPRINGS ESTATES filed in the office of the El Dorado County Recorder on January 10, 1973, in Book F of Maps, at Page 12 & 12a, and the term “Owner” shall mean a person who is a record owner, whether one or more persons or entities, of the fee simple title to any lot or plot situate upon the property, but shall not mean or refer to any lien holder unless or until said lien holder has acquired fee simple title by judicial or legal process.

III

Membership and Voting Rights:

Section 1. Every person who is or entity which is a record owner of a fee, or undivided fee interest, in any lot or plot which is subject by covenants of record to assessment by the

Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a member.

Section 2. The association shall have only one class of voting membership. Members shall be entitled to one vote for each lot and one vote and fraction of a vote for the number of lots in which they hold the interest required for membership Section 1 above. When more than one person holds such interest or interests in any lot or lots all such persons shall be members and the vote for such lot or lots and fraction or fractions of a lot or lots, shall be exercised as they shall determine among themselves, but in no event shall more than one vote be cast with respect to any one such lot. Every shareholder entitled to vote at any election for Directors may 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 his shares are entitled, or 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 are elected.

Section 3. The annual meeting of the members of this association shall be held on the third Monday of November of each year at 7:00 o'clock p.m. at the principal office of the association, or at any other time in November at any place determined by resolution of the Board of Directors. Notice of the annual meeting must be in writing not less than ten (10) nor more than sixty (60) days prior to the date of said meeting, and such notice shall specify reasonable date,

place, and hour for said annual meeting. Written notice must be delivered personally or by deposit in the United States mail, postage prepaid, to each voting member of the association; said letter to be addressed to said party at his address as is shown on the records of the association, or is not readily ascertained at the place where the meeting is regularly held.

The first meeting of the association shall be held after fifty-one percent (51%) of the units have been sold, or not later than six (6) months after the sale of the first lot or unit in the project, whichever occurs first, and notice thereof shall be given as herein above provided.

Section 4. Special meetings of the members of the Corporation for any purpose or purposes may be called at any time by the president of the corporation or by any two directors.

Written notice of the time and place of special meetings of the members shall be given in the same manner as for annual meetings of the members.

The transactions of any meeting of the members of this Association, however called and noticed, shall be as valid as though had at a meeting held after regular call and notice if a quorum is present, and if, either before or after the meeting, each of the voting members not present signs a written waiver of notice, or a consent to holding this meeting, or an approval of the minutes of the meeting. All of the waivers, consents, or approvals shall be filed with the corporate records or be made a part of the minutes of the meeting

Section 5. A quorum for any meeting of the members of the association shall be fifty-one percent (51%) of the voting members.

Section 6. No person who is now, or who later becomes, a member of this association shall be personally liable to its creditors for any indebtedness or liability, and any and all creditors of this association shall look only to the assets of this corporation for payment.

Section 7. Notwithstanding any provision herein, the owner, sub divider, or agent thereof shall be precluded from entering into any contract which would bind the Board of Directors or the Association members for a period in excess of one (1) year unless reasonable cancellation provisions are included in said contract.

Section 8. The directors and officers of the association shall make a written report to each and every lot owner and the same shall be mailed to said lot owner, postage prepaid, in the United States mail, at the address set forth in the records of the corporation, or if no such address is stated, or is not readily ascertained, at the address of the office of the Corporation. Said annual report shall specify all activities and management acts of the association and its officers and directors during the year immediately next preceding said date; and in the event an annual independent examination or audit should be determined to be necessary, shall include a copy of the same. This report shall be mailed to the lot owners thirty (30) days after completion.

a). Annexation of additional property shall require the consent of two-thirds (2/3) of the membership at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than seven (7) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting; the presence of members or of proxies entitled to cast fifty percent of the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum at such subsequent meeting shall be at least twenty-five percent of the voting power. Any such subsequent meeting shall be held not less than forty-eight (48) hours, nor more than thirty (30) days following the preceding meeting. In the event that two-thirds (2/3) of the membership are not present in person or by proxy, members not present may give their written assent to the action taken there at.

b). If within three (3) years from the date of the last Public Report issued herein RAY LEVERT , or his successor, should develop additional lands within the area described in Exhibit “A” attached hereto and incorporated herein by reference, such additional; lands may be annexed to said property without the assent of the membership; provided however that the development of the additional land described in this section shall be in accordance with the general plan of development submitted to the County of El Dorado.

c). The additions authorized in the foregoing Sections shall be made by filing of record a Supplementary Declaration of Covenants, Conditions or Restrictions or similar instrument with respect to the additional properties which shall extend the scheme of this Declaration to such properties.

IV

Board of Directors:

Section 1. NUMBER OF DIRECTORS: The Board of Directors shall consist of five (5) members until the number of directors is changed by amendment to these By-Laws.

Section 2. QUORUM: THREE (3) MEMBERS of the Board of Directors shall constitute a quorum for the transaction of business.

Section 3. POWERS OF DIRECTORS: Subject to limitations of the Articles of Incorporation, other sections of the By-Laws and of California Law, all corporate powers of the corporation shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by, the Board of Directors. Without limiting the general powers , the Board of Directors shall have the following powers:

a) The select and remove all other officers, agents, and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, the articles of incorporation, or the by-laws, fix their compensation, and require from them security for faithful service.

b) To conduct, manage, and control the affairs and business of the corporation, and to make rules and regulations not inconsistent with law, the articles of incorporation, or the by-laws.

c) To borrow money and incur indebtedness for the purposes of the corporation, and for that purpose to cause to be executed and deliver, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt

and securities. Notwithstanding this provision, however, it is specifically provided that the Board of Directors shall not have the right to borrow in excess of \$1,000.00 unless and until a special meeting of the membership of the Association has been called and approval for borrowing money in excess of \$1,000.00 is obtained by the Directors by a vote of the majority of the membership entitled to vote; excluding the Sub divider.

Section 4. ELECTION AND TERM OF OFFICE:

Except as provided below for the initial terms of the first Directors, the term of office of each Director of this corporation shall be for one year or until his success is elected. Successors for directors whose terms of office are then expiring shall be elected at the annual meeting of the members. A director may succeed himself in office.

Section 5. VACANCIES:

Vacancies in the Board of Directors shall be filled by a majority of the remaining directors then in office even though less than a quorum, or by the sole remaining director. A successor director so elected shall serve for the unexpired term of his successor.

Section 6. PLACE OF MEETING:

Regular meetings of the Board of Directors shall be held at any place, within or without the state, that has been designated from the time to this by resolution of the Board or by written consent of all members of the Board.

In the absence of this designation regular meetings shall be held at the principal office of the corporation. Special meetings of the Board may be held either at a place designated or at the principal office.

Section 7. ORGANIZATION MEETING:

Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of others business. No notice of such organizational meeting need be given.

Section 8. OTHER REGULAR MEETINGS:

Other regular meetings of the Board of Directors shall be held without call on the third Monday of each November at 7:00 o'clock p.m., provided, however, that should that day fall on a legal holiday or a Saturday or Sunday, then the meeting shall be held at the same time on the next day that is not a Saturday or Sunday or legal holiday. No notice need be given for any regular meeting.

Section 9. SPECIAL MEETINGS:

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or by any one director.

Written notice of the time and place of special meetings shall be given personally to each director or sent to each director by mail or by other form of written communication, charges pre-paid, addressed to him at his address as it is shown on the records of the corporation, or if it is not shown on the records or is not readily ascertainable, at the place at which the meeting of the Directors is regularly held. The notice shall be mailed at least three (3) days before the time of the holding of the meeting.

The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though had at a meeting held after regular call and notice, if a quorum is present and if either before or after the meeting each of the directors not present

Signs a written waiver of notice or a consent to hold the meeting or an approval of the minutes. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. ACTION WITHOUT A MEETING:

Any action by the Board of Directors may be taken without a meeting if all members of the Board individually or collectively consent in writing to this action. Such written consent or consents shall be filed with the minutes of the proceedings of the board.

Section 11. REMOVAL; COMPENSATION:

Directors may be removed from office, for cause, by the vote of a majority of the directors. The directors shall receive no compensation for their services as Directors.

V

OFFICERS:

Section 1. OFFICERS:

The officers of this Corporation shall be a president, vice-president and secretary-treasurer, and such other officers as the Board of Directors may appoint. One person, other than the president, may hold more than one of these offices. Officers other than the president need not be members of the Board of Directors.

Section 2. ELECTIONS:

The Board of Directors shall elect all officers of the corporation for terms of one year, or until their successors are elected and qualified.

Section 3. VACANCIES:

A vacancy in any office because of death, resignation, removal, disqualification, or otherwise shall be filled by the Board of Directors.

Section 4. PRESIDENT:

Subject to the control of the Board of Directors, the president shall have general supervision, direction, and control of the business and affairs of the corporation. He shall preside at all meetings of the Members and Directors and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

Section 5. VICE PRESIDENT:

In the absence or disability of the President, the vice-president shall perform all the duties of the president, and in so acting shall have all the powers of the president. The vice-president shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors.

Section 6. SECRETARY-TREASURER:

The Secretary-Treasurer shall keep a full and complete record of the proceedings of the Board of Directors, shall keep the seal of the corporation and affix it to such papers and instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the records of the corporation, and shall discharge such other duties of the office as prescribed by the Board of Directors. He shall receive and safely keep all funds of the corporation and deposit them in the bank or banks that may be designated by the Board of Directors. Those funds shall be paid out only on checks of the corporation signed by the president, vice-president or secretary-treasurer or by such officers as may be designated by the Board of Directors as authorized to sign them. The Secretary-Treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors.

VI

AMEMDMENT OF BY-LAWS:

These By-Laws may be amended as follows:

1. By-Law relating to the management, operation, use, occupancy, and control of the project, by vote or written consent of fifty-one percent (51%) of the voting power of the corporation membership, excluding the developer.
2. By-Laws relating to internal government of the project, by a majority of a quorum present in person or by proxy after a duly noticed special meeting of the association, but under no circumstances less than a majority of the voting power of the corporation.
3. Any amendment to the By-Laws which would change any provision or term of the Declaration of Covenants and Restrictions recorded January 10, 1973, Official Records of El Dorado County, in Book 1169 at Page 308, shall and must be accomplished in the manner set forth in said Declaration of covenants and Restrictions, and all powers and rights made binding on the corporation by said Declaration of Covenants and Restrictions shall be deemed a part of these By-Laws and wherever these By-Laws are inconsistent therewith said Declaration of Covenants and Restrictions shall control.

IN WITNESS WHEREOF, we, being all of the directors of DIAMOND SPRINGS ESTATES HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this _____ day of

_____ .

(Signatures on file)

RAY L. LAVERT

CLAIRE LEVERT