

BY-LAWS OF L'ERMITAGE ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the Corporation is L'ERMITAGE ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the Corporation shall be located at 30 Court Street, Reno, Nevada, but meetings of members and directors may be held at such places within the State of Nevada, County of Washoe, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to L'ERMITAGE ASSOCIATION, INC., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned or hereafter acquired by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common 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 which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of Washoe County Recorder, State of Nevada.

Section 7. "Member" shall mean and refer to those persons entitled

1 to membership as provided in the Declaration.

2 ARTICLE III

3 MEETING OF MEMBERS

4 Section 1. Annual Meetings. The first annual meeting of the  
5 members shall be held within ~~one year from the date of incorporation~~ of  
6 the Association, and each subsequent regular annual meeting of the  
7 members shall be held on the same day of the same month of each year  
8 thereafter, ~~at the hour of 11:00 a.m. or 1:00 p.m.~~ A. M. If the day for  
9 the annual meeting of the members is a legal holiday, the meeting will  
10 be held at the same hour on the first day following which is not a legal  
11 holiday.

12 Section 2. Special Meetings. Special meetings of the members  
13 may be called at any time by the president or by the Board of Directors,  
14 or upon written request of the members who are entitled to vote 30  
15 of all of the votes of the Class A membership.

16 Section 3. Notice of Meetings. Written notice of each meeting  
17 of the members shall be given by, or at the direction of the Secretary  
18 or person authorized to call the meeting, by mailing a copy of such  
19 notice, postage prepaid, at least 10 days before such meeting to each  
20 member entitled to vote thereat, addressed to the member's address last  
21 appearing on the books of the Association, or supplied by such member to  
22 the Association for the purpose of notice. Such notice shall specify  
23 the place, day and hour of the meeting and, in the case of a special  
24 meeting, the purpose of the meeting.

25 Section 4. Quorum. The presence at the meeting of members  
26 entitled to cast, or of proxies entitled to cast, ~~thirteen of the votes of~~  
27 ~~the membership~~ shall constitute a quorum for any action except as  
28 otherwise provided in the Articles of Incorporation, the Declaration, or  
29 these By-Laws. If, however, such quorum shall not be present or represented  
30 at any meeting, the members entitled to vote thereat shall have the  
31 power to adjourn the meeting from time to time, without notice other  
32 than announcement at the meeting, until a quorum as aforesaid shall be

1 present or be represented.

2 Section 5. Proxies. At all meetings of members, each member may  
3 vote in person or by proxy. All proxies shall be in writing and filed  
4 with the secretary. Every proxy shall be revocable and shall automatically  
5 cease upon conveyance by the member of his lot.

6 ARTICLE IV

7 BOARD OF DIRECTORS: SELECTION: TERM OF NOTICE

8 Section 1. Number. The affairs of this Association shall be  
9 managed by a Board of five directors, who need not be members of the  
10 Association.

11 Section 2. Term of Office. At the first annual meeting the  
12 members shall elect two directors for a term of three years, two directors  
13 for a term of two years, and one director for a term of one year and at  
14 each annual meeting thereafter the members shall elect replacement directors  
15 for a term of three years.

16 Section 3. Removal. Any director may be removed from the Board,  
17 with or without cause, by a 2/3 vote of the members of the Association.  
18 In the event of death, resignation or removal of a director, his successor  
19 shall be selected by the remaining members of the Board and shall serve  
20 for the unexpired term of his predecessor.

21 Section 4. Compensation. No director shall receive compensation  
22 for any service he may render to the Association. However, any director  
23 may be reimbursed for his actual expenses incurred in the performance of  
24 his duties.

25 Section 5. Action Taken Without a Meeting. The directors shall  
26 have the right to take any action in the absence of a meeting which they  
27 could take at a meeting by obtaining the written approval of all the  
28 directors. Any action so approved shall have the same effect as though  
29 taken at a meeting of the directors.

30 ARTICLE V

31 NOMINATION AND ELECTION OF DIRECTORS

32 Section 1. Nomination. Nomination for election to the Board of

1 Directors shall be made by a Nominating Committee. Nominations may also  
2 be made from the floor at the annual meeting. The Nominating Committee  
3 shall consist of a Chairman, who shall be a member of the Board of  
4 Directors, and two or more members of the Association. The Nominating  
5 Committee shall be appointed by the Board of Directors prior to each  
6 annual meeting of the members, to serve from the close of such annual  
7 meeting until the close of the next annual meeting and such appointment  
8 shall be announced at each annual meeting. The Nominating Committee  
9 shall make as many nominations for election to the Board of Directors as  
10 it shall in its discretion determine, but not less than the number of  
11 vacancies that are to be filled. Such nominations may be made from  
12 among members or non-members of the Association.

13 Section 2. Election. Election to the Board of Directors shall  
14 be by secret written ballot. At such election the members or their  
15 proxies may cast, in respect to each vacancy, as many votes as they are  
16 entitled to exercise under the provisions of the Declaration. The  
17 persons receiving the largest number of votes shall be elected. Cumulative  
18 voting is not permitted.

19 ARTICLE VI

20 MEETINGS OF DIRECTORS

21 Section 1. Regular Meetings. Regular meetings of the Board of  
22 Directors shall be held monthly without notice, at such place and hour  
23 as may be fixed from time to time by resolution of the Board. Should  
24 said meeting fall upon a legal holiday, then that meeting shall be held  
25 at the same time on the next day which is not a legal holiday.

26 Section 2. Special Meetings. Special meetings of the Board of  
27 Directors shall be held when called by the president of the Association,  
28 or by any two directors, after not less than 10 days notice to each  
29 director.

30 Section 3. Quorum. A majority of the number of directors shall  
31 constitute a quorum for the transaction of business. Every act or  
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1 decision done or made by a majority of the directors present at a duly  
2 held meeting at which a quorum is present shall be regarded as the act  
3 of the Board.

4 ARTICLE VII

5 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

6 Section 1. Powers. The Board of Directors shall have power to:

7 (a) Adopt and publish rules and regulations governing the use of  
8 the Common Area and facilities, and the personal conduct of the members  
9 and their guests thereon, and to establish penalties for the infraction  
10 thereof;

11 (b) Suspend the voting rights and right to use of the recreational  
12 facilities of a member during any period in which such member shall be  
13 in default in the payment of any assessment levied by the Association.  
14 Such rights may also be suspended after notice and hearing, for a period  
15 not to exceed 10 days for infraction of published rules and regulations;

16 (c) Exercise for the Association all powers, duties and authority  
17 vested in or delegated to this Association and not reserved to the  
18 membership by other provisions of these By-Laws, the Articles of Incorporation,  
19 or the Declaration;

20 (d) Declare the office of a member of the Board of Directors to  
21 be vacant in the event such member shall be absent from three (3) consecutive  
22 regular meetings of the Board of Directors; and

23 (e) Employ a manager, an independent contractor, or such other  
24 employees as they deem necessary, and to prescribe their duties.

25 Section 2. Duties. It shall be the duty of the Board of Directors  
26 to:

27 (a) Cause to be kept a complete record of all its acts and corporate  
28 affairs and to present a statement thereof to the members at the annual  
29 meeting of the members, or at any special meeting when such statement is  
30 requested in writing by 50% of the members who are entitled to vote;

31 (b) Supervise all officers, agents and employees of this Association  
32 and to see that their duties are properly performed;

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(c) As more fully provided in the Declaration, to:

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

(2) Send written notice of each assessment to every Owner subject thereto at least 20 days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within 60 days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

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

(g) Cause the Common Area to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each

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1 shall exercise and discharge such other duties as may be required of him  
2 by the Board.

3 Secretary

4 (c) The secretary shall record the votes and keep the minutes of  
5 all meetings and proceedings of the Board and of the members; keep the  
6 corporate seal of the Association and affix it on all papers requiring  
7 said seal; serve notice of meetings of the Board and of the members;  
8 keep appropriate current records showing the members of the Association  
9 together with their addresses, and shall perform such other duties as  
10 required by the Board.

11 Treasurer

12 (d) The treasurer shall receive and deposit in appropriate bank  
13 accounts all monies of the Association and shall disburse such funds as  
14 directed by resolution of the Board of Directors; shall sign all checks  
15 and promissory notes of the Association; keep proper books of account;  
16 cause an annual audit of the Association books to be made by a public  
17 accountant at the completion of each fiscal year; and shall prepare an  
18 annual budget and a statement of income and expenditures to be presented  
19 to the membership at its regular meeting, and deliver a copy of each to  
20 the members.

21 ARTICLE IX

22 COMMITTEES

23 The Board of Directors of the Association shall appoint an Architectural  
24 Control Committee, as provided in the Declaration, and a Nominating  
25 Committee, as provided in these By-Laws. In addition, the Board of  
26 Directors shall appoint other committees as deemed appropriate in carrying  
27 out its purpose.

28 ARTICLE X

29 BOOKS AND RECORDS

30 The books, records and papers of the Association shall at all  
31 times, during reasonable business hours, be subject to inspection by any  
32 member. The Declaration, the Articles of Incorporation and the By-Laws

1 of the Association shall be available for inspection by any member at  
2 the principal office of the Association, where copies may be purchased  
3 at reasonable cost.

4 ARTICLE XI

5 ASSESSMENTS

6 As more fully provided in the Declaration, each member is obligated  
7 to pay to the Association annual and special assessments which are  
8 secured by a continuing lien upon the property against which the assessment  
9 is made. Any assessments which are not paid when due shall be delinquent.  
10 If the assessment is not paid within 30 days after the due date, the  
11 assessment shall bear interest from the date of delinquency at the rate  
12 of 12% per cent per annum, and the Association may bring an action at  
13 law against the Owner personally obligated to pay the same or foreclose  
14 the lien against the property, and interest, costs, and reasonable  
15 attorney's fees of any such action shall be added to the amount of such  
16 assessment. No Owner may waive or otherwise escape liability for the  
17 assessments provided for herein by nonuse of the Common Area or abandonment  
18 of his Lot.

19 ARTICLE XII

20 CORPORATE SEAL

21 The Association shall have a seal in circular form having within  
22 its circumference the words: L'ERMITAGE ASSOCIATION, INC., Incorporated  
23 July 23, 1980.

24 ARTICLE XIII

25 AMENDMENTS

26 Section 1. These By-Laws may be amended, at a regular or special  
27 meeting of the members, by a vote of a majority of a quorum of members  
28 present in person or by proxy.

29 Section 2. In the case of any conflict between the Articles of  
30 Incorporation and these By-Laws, the Articles shall control; and in the  
31 case of any conflict between the Declaration and these By-Laws, the  
32 Declaration shall control.

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ARTICLE XIV  
MISCELLANEOUS

The fiscal year of the Association shall begin on the \_\_\_\_ day of \_\_\_\_\_ and end on the \_\_\_\_ day of \_\_\_\_\_ every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of L'ERMITAGE ASSOCIATION, INC. have hereunto set our hands this \_\_\_\_ day of \_\_\_\_\_, 1980.

\_\_\_\_\_  
HERBERT SCHAFFER

\_\_\_\_\_  
A. S. TOBEROFF

\_\_\_\_\_  
LEWIS HASSON

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