

LOCH LOMOND MUTUAL WATER COMPANY

16320 HIGH ROAD / P.O. BOX 284 COBB, CA 95426 PH 707-928-5262 FAX 707-928-5263
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BY – LAWS

PREAMBLE

These Bylaws are adopted by the Shareholders of the Loch Lomond Mutual Water Company as of the 3rd day of September 2023 and shall supersede any previously approved, amended, and filed Bylaws.

ARTICLE I

Company Name /Office Location

The name of the corporation is and shall be Loch Lomond Mutual Water Company hereinafter referred to as the “Company”.

The principal Office for the transaction of business of the Company is hereby fixed and located in the County of Lake, State of California. The Board of Directors is hereby granted complete authority to change said principal Office from one location to another within the County of Lake.

ARTICLE II

Objects and Purposes

Section 1. The objects and purposes of the Company shall be to develop, distribute, supply, and deliver reliable potable water for domestic use and fire protection to satisfy the needs of its Shareholders, in the land area situated in Lake County, California described as follows: All Loch Lomond units hereinafter referred to as (Loch Lomond) portions of which will have been and will be subdivided and developed into residential and commercial lots and recreational facilities in accordance with the laws of the State of California and the County of Lake. The Company shall be authorized to do whatever may be deemed necessary, conducive, incidental, or advisable to accomplish and promote said objects or purposes, including but not limited to:

- a. Constructing, leasing, maintaining, and operating water system facilities at Loch Lomond;
- b. Acquiring, owning, leasing or developing water, water rights or water bearing lands;

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- c. Purchasing, acquiring, owning, leasing or developing lands, or any interest therein, for the present or future water system facilities;
- d. Paying all taxes, utilities, charges, assessments, and other levies upon properties owned or managed by the Company;
- e. Making and collecting assessments, rates, and charges by which to further the foregoing objects and purposes; and to do any other act or thing in any way connected with the foregoing or related to the objects and purposes of the Company.

ARTICLE III

Furnishing of water

Section 1. Water shall be sold, distributed, supplied, or delivered only to the Shareholders of the Company in good-standing and owning property within the Loch Lomond Service Area Map as described in Article IV of these Bylaws, and such shares shall be appurtenant to those lands, except that pursuant to Section 14300 of the California Corporations Code, the Company may sell water to certain non-shareholder public agencies and mutual water companies and, during emergencies resulting from fire or other disasters involving danger to public health or safety at a rate approved by the Board of Directors. In the event there is insufficient water to meet the demands of all Shareholders, water shall be allocated proportionately among the Shareholders by a method approved by the Board, as may be necessary from time to time.

Section 2. Representatives of the Company may enter upon the land of Shareholders for the purpose of inspecting, repairing, and replacing the Company's water distribution system or reading, connecting, or disconnecting the Company's meters.

Section 3. There shall be a lien in favor of the Company upon each share of stock of all assessments, water charges and any other indebtedness to the Company of any nature upon either such share(s) or the holder thereof, and all such assessments, water charges and any other indebtedness may be enforced by any remedy provided by law. The Board of Directors may cause a notice of such lien to be recorded in the County Recorder's Office.

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ARTICLE IV

Shareholders

Section 1. Only persons owning in fee at least one (1) parcel of land (lot) or fraction thereof, within the Loch Lomond service area as shown on the Loch Lomond Service Area Map (Attached herein or available upon request at our office) shall be eligible to own Company Shares. Provided it being understood that one water connection right, evidenced by one share of stock shall be issued for each of said lots or for any fraction of any lot in separate ownership from an adjacent lot. Such ownership shall be appurtenant to such lots or fractions thereof, water connection rights or shares of stock be issued or granted.

Section 2. All persons who become owners of lots at Loch Lomond with water connection, as defined and described above in Section 1 of this Article IV, shall, by reason of such ownership, become Shareholders of the Company and be responsible for their portion of any and all Company loans, regardless of service status.

Section 3. Annexation of a new service area into the Company water system within the boundaries of the Loch Lomond Service Area Map as described above in Article IV Section 1. of these Bylaws shall be subject to approval by the Board. A proposed service area not in the boundaries served as of July 1, 2007, will require Shareholder approval before annexation to the Company. The individual(s) or developer(s) requesting annexation shall pay:

- (a) The cost to install the water system in accordance with the Company standards.
- (b) Upgrade the Company water system if deemed necessary.
- (c) Their fair share of the Company assets and facilities.
- (d) All current connection fees and costs pertaining to issue of share in the Company.

Section 4. Additions, maintenance, and improvements of the water system shall meet applicable requirements imposed by California Administrative Code, Titles 10, 17, and 22 (Re: Article I, Section 2). As well as requirements stated in the Cross-Connection Control Policy Handbook. If not covered by these requirements, the applicable American Water Works Association (AWWA) shall apply. However, the Board may adopt standards specifically applicable to this water system as a water company created in 1938 prior to current law. If modern law is applicable, those standards shall be met. All work performed by employees, developers, or contractors

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shall meet said standards and will be inspected and approved by the Companies General Manager.

Section 5. Where Company shares are issued such shares shall be appurtenant to such lot issued therefore and such shares shall only be transferred with such lot except for forfeiture of such shares to the Company for delinquent assessments thereon as provided in Section 14303 of the California Corporations Code. No transfer of a share or shares shall be made until any established transfer fee is paid to the Company and until all unpaid assessments and any other indebtedness to the Company by the holder thereof has been paid.

Section 5. No distinction shall exist between the shares of the Company and the Shareholders except that a Shareholder must be in good standing (See Article IX, Section 6.) in order to vote their share(s) at any of the meetings of the Shareholders.

ARTICLE V

Share Certificates and Transfers

Section 1. Certificates to hold shares shall be equivalent to one water connection right. All water connection rights shall be approved by the Board of Directors and shall be attested by the Secretary of the Board. All water connection rights evidenced thereby, may be transferred only by endorsement of the signature of the owner or by their attorney-in-fact and by the delivery of the certificates to the Secretary of the Board and such transfer shall not be valid until the recorded title has been furnished to the Company, showing the name or names of the party or parties by whom and to whom transferred, the number of shares or water connection rights and the date of transfer, provided that no share certificate or certificates shall be transferred on the books of the Company unless accompanied by a bona fide transfer by the owner of one lot, or fraction thereof as hereinbefore specified, for each water connection right, to which the share certificate or certificates sought to be transferred shall be appurtenant, and the transfer of any lot shall operate as the transfer of the water connection right appurtenant thereto. A current rate transfer fee shall be paid on the transfer of any such share certificate, but the cost of any original water connection right as witnessed by any share certificate shall be the company's current water service connection rate and fee, which increases annually at a rate of three hundred dollars (\$300.00).

(Current rates are available upon request at our office)

Section 2. Shareholders shall be entitled to exercise all of the rights and privileges of such, and they shall be subject to all of the obligations and liabilities of such.

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Shareholders who convert an adjoining lot by conversion to acreage and relinquish the share certificate issued with respect to such adjoining lot, shall be entitled to have the combined acreage considered as one lot for assessment purposes.

Section 3. Shares of the Company are not transferrable or assignable except as specifically provided in these Bylaws.

Section 4. Except as otherwise provided, transfers of shares shall be subject to a transfer fee and to the payment of all indebtedness to the Company of the Shareholder whose share is transferred. In the case of a Shareholder's death the surviving spouse, or co-owner, may petition the Secretary of the Board for issuance of the share(s) in the name of the surviving spouse, surviving heir, next of kin, or co-owner.

ARTICLE VI

Meeting of Shareholders

Section 1. All meetings of the Shareholders of the Company shall be held at a location to be determined by the Board of Directors, in Lake County, California, at ten o'clock in the morning (10:00 AM), on the Sunday before Labor Day annually, at which time there shall be elected by the Shareholders in good standing of the Company, by ballot or proxy, a Board of five (5) Directors. Three (3) Directors shall be elected in odd years and the remaining two Directors shall be elected in the even years. The Shareholders can also transact at said meeting such other business as shall properly come before it.

Section 2. Thirty (30) percent of the voting rights as hereinafter defined represented either in person or by proxy shall constitute a quorum for the transaction of business. Each Shareholder shall be entitled to one vote for each water hookup to the water system of the Company for which ownership is recorded by the County of Lake, Assessor Recorder and Tax Assessor's offices, as reflected by the records of the Company, whether represented in person or by proxy. Provided, however, that the provisions of this section are subject to any qualification on voting rights imposed by any permit for issuance of shares of stock in this Company issued by the Division of Corporations for the State of California. All absentee proxies shall be filed with the Secretary of the Company prior to the day of the meeting at which they are voted. Proxies shall be effective only for the meeting at which they are filed.

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Section 3. Written notice of each annual meeting shall be given, either personally or by sending a copy of the notice through the U.S. mail, to each Shareholder, postage prepaid, to their address appearing on their Company account. If no such address is furnished, then it will be mailed to Shareholders last known place of residence, at least ten (10) calendar days prior to the annual Shareholders meeting, or notice may be given by legal publication. If a quorum be not present at the annual meeting, the Shareholders represented in person or by proxy may adjourn to such future time as agreed upon by those in attendance. If a quorum is present, they may adjourn from day to day as they see fit and no notice of such adjournment need be given.

Section 4. Special meetings of the Shareholders may be called at anytime by the President, a majority of the Board of Directors, or not less than ten (10) percent of the Shareholders of the Company, in good standing, at a convenient place in Lake County, California. Upon receipt of a request in writing setting forth the purpose of such proposed special meeting, signed by the President, or a majority of the Board of Directors, or not less than ten (10) percent of the Shareholders of the Company in good standing, the Secretary shall fix a time and place for such meeting, which shall be not less than thirty-five (35) not more than sixty (60) calendar days after the receipt of such request, and shall cause written notice thereof, setting forth the time and place and purpose of the meeting, to be given each Shareholder by personal delivery or by U.S. mail to the last address given to the Secretary of the Company at least twenty (20) calendar days prior to the time fixed for such meeting and if the Secretary shall neglect or refuse to issue a such call, the President, Directors or Shareholders making the request may do so. A special meeting of the Shareholders may be held at any time without notice when all the Shareholders are present in person or by proxy or when all of the Shareholders waive notice and consent in writing to the holding thereof.

Section 5. Meetings of Shareholders shall be conducted in accordance with Parliamentary Procedure (Robert's Rules of Order *Newly Revised*). The contracted General Manager, at the September Annual Shareholders meeting or earlier shall make available to the Shareholders the budget approved by the Board of Directors, for the coming fiscal year and the Office Manager shall have financial statements and warrants ready for approval.

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ARTICLE VII

Directors

Section 1. The business property and affairs of the Company shall be managed by the Board of Directors, composed of five (5) Shareholders. Directors shall be elected annually by Shareholders in good standing at the annual meeting for a term of two (2) years and shall serve until their successors are qualified and elected. Terms are for two (2) years and will begin at the regular scheduled November meeting following the September election and will end two (2) years later at the regular scheduled November meeting following the September election. No member of the Board of Directors may serve as a Director of the Loch Lomond Property Owners Association (LLPOA). One (1) member of the Board of Directors may serve as a Liaison Officer to the LLPOA.

Section 2. The Board of Directors shall have the general management and control of the business and affairs of the Company and shall exercise any and all of the powers that may be exercised or performed by the Company under the law, the Articles of Incorporation and these Bylaws. The Board of Directors may make and enforce such rules and regulations as they deem necessary, conducive, incidental, or advisable to accomplish or promote the objects and purposes of the Company and the uses of its property, assets, and facilities.

Section 3. Regular meetings of the Board shall commence on the fourth Friday of every odd month at the principal office of the Company, or at any convenient place within Lake County, California designated at any time by resolution of the Board. Special meetings may be called at any time by the President, Vice President, or any two (2) Directors at such time and place as shall be set forth in the notice thereof. At least twenty-four (24) prior hours' notice of such meeting shall be given to each Director, which notice may be given by telephone. The transactions of any such meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though it had been a meeting duly held after regular call and notice, if quorum is present.

Section 4. A majority of the Directors shall constitute a quorum for the transaction of business, and a majority of such quorum shall determine any question except as otherwise provided by law, the Articles of Incorporation, or these Bylaws, provided however, that if a quorum not be present, the majority of those Directors present may adjourn to such future time and place as they shall determine, notice of such

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adjournment to be given to each Director as herein provided for meetings of the Board of Directors.

Section 5. All vacancies of the Board of Directors, whether caused by resignation, incompetency, death or otherwise, shall be posted in three (3) or more public places as well as a notice sent out to Shareholders so that any interested, qualified Shareholder may apply to finish the remaining term. Vacancies shall be filled, by the remaining Directors appointing a new Director from a list of applicants, at any meeting thereof, held prior to the filling of such vacancy by the Board of Directors. Directors thus elected to fill any vacancy shall hold office for the unexpired term of predecessors.

Section 6. Subject to limitations of the Articles of Incorporation, these Bylaws and the General Corporation Law of California, the Directors shall have the following powers, to wit:

FIRST: To change the principal office for the transaction of the business of the Company from one location to another located in the County of Lake, State of California; to prescribe the form of share certificates and to alter the form of the Company's seal and share certificates from time to time as in their judgement they may deem best, provided such seal and such certificates shall at all times comply with the provisions of law.

SECOND: To authorize the issuance of shares (water connections) of the Company from time to time upon such terms as may be lawful.

THIRD: To borrow money and incur indebtedness for the purposes of the Company, and to cause to be executed and delivered therefore, in the Company's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities, therefore. Provided however that in no event shall the Directors incur a total indebtedness in excess of two hundred fifty thousand dollars (\$250,000.00) without first having obtained consent of a majority of the Shareholders voting at the annual or special Shareholder meeting.

FOURTH: To enter into contract with another authorized and qualified agency for the preservation and enhancement of the Company, to provide a General Manager, Office Manager and Staff, Certified Operators, vehicles, tools, and equipment, as well as to guarantee water quality is at its best and the Company is keeping compliant with all State rules and regulations.

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ARTICLE VIII

Officers

Section 1. The officers of the Company shall be a President, Vice President, a Secretary, and a Treasurer. Such officers shall be elected for a term of one (1) year beginning in January and ending in December, by the Board of Directors at the first meeting of the Board after the annual Shareholder meeting or any adjournment thereof and shall serve until the successor of each is elected and qualified.

Section 2. The President shall be the executive head of the Company and shall preside at all meetings of the Board of Directors and all meetings of the Shareholders. The President, together with the Secretary shall sign all resolutions, contracts, deeds, bonds and other obligations of the Company and other instruments authorized by the Board of Directors.

Section 3. A Vice President shall perform, in the absence of the President or in the event of the President's inability to act, the same duties and functions as are provided to be performed by the President. A Vice President shall also perform the duties of the Secretary in the Secretary's absence or inability to act insofar as the same shall pertain to the calling of meetings of Shareholders or Directors.

Section 4. The Secretary shall be the custodian of all records and documents pertaining to the Company and its property and shall keep fair and correct minutes and records of all meetings of Shareholders and of the Board of Directors. The Secretary shall sign with the President where appropriate all resolutions, contracts, deeds, bonds, and other obligations of the Company, and other instruments authorized by the Board of Directors. The Secretary shall give notice of all meetings of Shareholders of the Company and or the Board of Directors as set forth in these Bylaws. Shares will be issued or transferred upon the Companies receipt of deed stating ownership of property. A Shareholders register showing the names of Shareholders and their addresses, the number of water connections held by each, will be kept at the office in the billing software. Any meeting the Secretary is absent or unable to perform their duties, the President shall appoint a Secretary pro-tem.

All books and records of the Company may be inspected by any Shareholder, or their agent or attorney, for any proper purpose at any reasonable time.

Section 5. The Treasurer, subject to such limitations, controls and delegations as may be imposed by the Board, shall audit and work with the Office Manager on:

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- (a) Receive or cause to be received, into the Company's account, all money's, securities, valuable papers, and other assets belonging to the Company for safekeeping.
- (b) Disburse or cause to be disbursed all checks, drafts, and other orders for the disbursement of its funds, including any notes, as directed by the Board of Directors of the Company, in compliance with established budgets. All checks shall require the signature of two (2) officers.
- (c) Maintain or cause to be maintained full and complete records of all the assets and liabilities of the Company in accordance with forms and procedures prescribed in California Corporations Code Section 1501.
- (d) Approve financial statements and warrants prepared before every regular meeting for approval by the Board.
- (e) Perform such other duties as customarily pertain to the office of Treasurer or as may be directed to perform by resolution of the Board.

Section 6. The Board of Directors may appoint, employ, terminate, discharge, fix the compensation and provide for the duties and powers of such officers, and agents, as in the judgment of the Directors shall be advisable, subject to the requirements and provisions of Article VIII, and two (2) or more of any officers, or agents may be combined in one person, except the office of the President and Secretary. Any officer of the Company shall perform and discharge such duties, other than those enumerated in Article VII, as the Board of Directors may from time to time require.

Section 7. Any officer may be removed as such by a majority of the Board of Directors at a properly called meeting for any reason they deem sufficient. However, any Director so removed shall be entitled, at his or her option, to call for a review of the facts by the Board of Directors serving in this instance. All vacancies in any office shall be filled as in Article VII, Section 5.

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ARTICLE IX

Assessments, Rates & Charges

Section 1. Assessments for the installation, maintenance and operation of the pipelines and water system shall be levied by the Board of Directors from time to time as they deem fit or necessary, and any such assessments shall be delinquent thirty (30) calendar days from the date of the call therefore mailed from the office of the Company, and all delinquent payments of assessments shall be subject to such penalties as may be fixed by the Board of Directors.

Section 2. The charges for water usage, service, assessments, and late payment penalties are the non-transferable responsibility of the legal owner of the property receiving water service. The legal owner remains responsible for all charges, assessments, and late payment penalties regardless of who occupies the home/property. The Company will not act as a collection agent on behalf of the legal owner in the event the home/property is rented to a third party. All charges shall be considered delinquent thirty (30) calendar days from the date of billing. The Board of Directors may assess a late payment penalty, at their discretion, for all charges that remain delinquent.

Section 3. If the legal owner fails or refuses to pay any charges, assessments, or late penalties within sixty (60) calendar days of receipt or otherwise fails to comply with any of the Bylaws or water regulations as set forth herein, or as may be hereafter ordered by the Board of Directors, the Company shall send written notice to the legal owner(s) informing them that the water service to the property will be disconnected.

Section 4. A re-connection fee of two hundred (\$200.00) dollars shall be charged in the event that the water service is disconnected due to delinquency or request by owner. The Company will only re-connect the water service after all delinquent fees have been paid (if applicable) and the re-connect fee paid.

ARTICLE X

Notice

Any notice required to be given pursuant to these Bylaws shall be written notice, unless otherwise specifically provided herein. Such written notice may be given by depositing the same in the United States mail in an envelope, postage prepaid, addressed to the recipient at their last known address, and the time when the same shall be mailed shall be deemed the time of giving such notice. A written waiver of any notice signed before or after the time stated in such waiver for holding a meeting, or attendance at a meeting, shall be equivalent to notice thereof required to be given by these Bylaws.

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ARTICLE XI

Proxies

The Board of Directors may, by resolution, prescribe an official form of proxy, which may be adopted by resolution of the Board of Directors for use at any regular or special meetings of the Shareholders, and, if such official form is so adopted, no other form of proxy shall be valid at any such meeting for any purpose.

ARTICLE XII

Amending or Repealing Bylaws

Bylaws may be adopted, amended, or repealed by a vote of the Board of Directors of the Loch Lomond Mutual Water Company. Any portion of these Bylaws that is to be adopted, amended, or repealed shall first be presented to all current Shareholders a minimum of 120 days prior of Board of Directors approval.

These By-Laws were passed and adopted at the annual Shareholders meeting held on the 3rd day of September 2023, by the following vote

_____.

Jon Prather, President
L.L.M.W.C.

ATTEST:

California Howland, District Secretary

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Loch Lomond Mutual Water Company Service Area Map

