

BY-LAWS OF
THE FRIENDLY HILLS PROPERTY OWNERS ASSOCIATION

ARTICLE I

Number of Directors

The Board of Directors of this corporation shall consist of fifteen (15) Directors who shall be members of this corporation in good standing, and eight (8) shall constitute a quorum for the transaction of business. The authorized number of directors may be changed by a By-Law adopted by the vote or written assent of the regular members entitled to exercise a majority of the voting power of the corporation.

ARTICLE II

Power of Directors

1. To conduct, manage and control the affairs and business of the corporation and to make such rules and regulations therefor not inconsistent with law, with the Articles of Incorporation or the By-Laws, as they may deem best.

2. To change the principal office for the transaction of the business of the corporation from one location to another location in the County of Los Angeles, State of California; to make, adopt and use a corporate seal, and to prescribe the form of membership certificates from time to time as in their judgment they may deem best, provided such seal and membership certificates shall at all times, comply with the provisions of the law.

3. To authorize the issuance of membership certificates.

4. To appoint an Architectural Committee consisting of three (3) persons from among the members of the corporation, the chairman of which shall be a member of the Board of Directors.

5. To fix the amount of assessments from time to time, and make them payable at such times, and upon such notice, as the Directors may prescribe, such assessments not to exceed \$50.00 per voting member house during any one calendar year.

ARTICLE III

Election of Directors

At the annual meeting, or at any other special meeting held for the purpose, in the year 1983, two (2) directors shall be elected for a term of One (1) year, and one (1) director shall be elected for a term of Two (2) years and five (5) directors shall be elected for a term of Three (3) years. Said directors, together with the ten present directors whose terms have not expired, shall constitute the Board of Directors of the corporation.

Each year thereafter a sufficient number of directors shall be elected to fill the vacancy caused by the expiration of the term of the retiring directors, except in case a vacancy appears in the office of a director whose term has not expired, in which case such vacancy shall be filled for the remainder of such term at said election. The term of office shall begin immediately after election and shall continue until successors are elected. Election of directors need not be by ballot except upon demand made by a member at the election and before the voting begins.

ARTICLE IV

Vacancies

A vacancy or vacancies in the Board of Directors shall be deemed to exist in the case of the death, resignation or removal of any Director, or, if the

ARTICLE VI

Directors' Meetings

The President, or if he be absent, or be unable or refuse to act, a Vice-President or any two Directors, shall call all meetings of the Board of Directors.

Written notice of the time and place of the meetings of the Board of Directors shall be sent to each Director by mail, or by other form of written communication, at least five days before the meeting.

Meeting of the Board of Directors shall be held at any place within the County of Los Angeles, which has been designated from time to time, by resolution of the Board of Directors or by written consent of all members of the Board of Directors. In the absence of such designation, meeting of the Board of Directors shall be held at the principal office of the corporation.

Any meeting of the Board of Directors and the transactions of any such meeting, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the Directors not present signs a written waiver of the notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Any meeting of the Board of Directors shall be valid wherever held if held upon written consent of all members of the Board, given either before or after the meeting and filed with the Secretary of the corporation.

ARTICLE VII

Officers

The officers of this corporation shall be a President, a Vice-President, a Secretary, and a Treasurer, who shall be elected by and hold office at the pleasure of the Board of Directors. Any two or more of such offices, except those of President and Secretary may be held by the same person.

ARTICLE VIII

President and Vice President

The President shall be the chief executive officer of this corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of this corporation. The President, and in his absence the Vice-President, shall preside over all meetings of the members and Directors. The President shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

In the absence or disability of the President, the Vice-President shall perform all of the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall have such powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the By-Laws.

ARTICLE IX

Secretary

The Secretary shall keep, or cause to be kept, a book of minutes, at the principal office of this corporation or such other place as the Board of Directors may order, of all meetings of Directors and members, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present and absent at Directors' meetings, the number of members present or represented at members' meeting and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office of the corporation, a membership book containing the name and address of each member, the number and date of issuance of each membership certificate and the number and date of cancellation, revocation or other termination of each membership certificate surrendered for cancellation or revoked or otherwise terminated.

The Secretary shall give, or cause to be given, notice of the meetings of the members and of the Board of Directors required by the By-Laws or by law to be given, and shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws; in case of absence, inability, refusal or neglect so to do, such notices may be given by any person directed by the President.

ARTICLE X

Treasurer

The Treasurer shall keep and maintain, or cause to be kept and maintained, correct books of account of the receipts of the membership fees, dues and assessments and disbursements thereof and of any other monies that may be received by the corporation. The books of account shall, at all times, be open to inspection by any Director or member.

The Treasurer shall deposit all monies and other valuables in the name of and to the credit of this corporation with such depository or depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of this corporation as may be ordered by the Board of Directors, and shall render to the President and Directors, whenever they request it, an account of transactions as Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

ARTICLE XI

Membership

All land owners and/or residents of the area known as "Friendly Hills" shall be eligible for membership in this corporation. There shall be two classes of members:

1. Regular or voting members who shall be land owners in the Friendly Hills area.
2. Associate or non-voting members who shall be residents but not land owners in the Friendly Hills area.

ARTICLE XII

Membership Certificates

Membership in this corporation shall be evidenced by certificates and a membership certificate shall be issued to each member household. Upon the face of each certificate there shall be printed in clear type a statement that the corporation is not one for profit. Each membership certificate issued by this corporation shall be signed by the President, or by the Vice-President, and the Secretary with the corporate seal impressed thereon.

ARTICLE XIII

Dues

The dues shall be \$17.00 per annum for each member household and shall be due and payable at the time determined by the Board of Directors. The amount of these dues may be revised from time to time by majority vote of the Directors.

ARTICLE XIV

Revocation and Restoration of Membership

Membership in the corporation and membership certificates may be revoked, for failure to pay the annual dues, and/or assessments, and for cause, by majority vote of the entire Board of Directors upon such reasonable notice as the Directors may prescribe.

Revoked memberships for non-payment of annual dues and/or assessments shall be restored and new membership certificates shall be issued upon payment

of the annual dues in arrears and of the current annual dues and/or the assessments.

Revoked memberships for cause shall be restored and new membership certificates shall be issued upon majority vote of the entire Board of Directors, subject always to the power of the members to revoke such restored membership at any annual or special meeting of the members.

ARTICLE XV

Members' Meetings

The annual meeting of the members shall be held at the principal office of the corporation, or at such other place as may be designated by the Board of Directors, on the third Friday in April in each year at the hour of 8:00 o'clock p.m. of said day; provided, however, that should said day fall upon a legal holiday, then any such annual meeting shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday.

All other meetings of the members shall be held at any place within the County of Los Angeles designated by the By-Laws or written consent of all the members entitled to vote thereat or designated by the Board of Directors. In the absence of any such designation or consent such meeting shall be held at the principal office of the corporation.

All meetings shall be valid wherever held if held by the written consent of all the members entitled to vote thereat, given either before or after the meeting and filed with the secretary of the corporation.

Special meetings of the members for any purpose or purposes whatsoever may be called at any time by the President or by the Board of Directors or by any ten members of the corporation entitled to vote thereat.

Written notice of all meetings of members, annual or special, shall be given to each member entitled to vote thereat by the Secretary by mail or other means of written communications, charges prepaid, addressed to such member at his address appearing in the books of the corporation or given by him to the corporation for the purpose of notice. Notice of any meeting of members shall be sent to each member entitled thereto not less than five days before such meeting.

Notice of any meeting of members shall specify the place, the day and the hour of the meeting and in the case of special meetings the general nature of the business to be transacted.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken.

The transactions of any meeting, however called and noticed shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote thereat not present in person or by proxy signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents

or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

The presence, in person or by proxy, of fifty of the members entitled to vote at any meeting shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of records or made a part of the minutes of the meeting.

Any action which under any provision of the General Corporation Law, as provided by Section 9002 of the Corporations Code of the State of California, may be taken at a meeting of the members, may be taken without a meeting, if authorized by a writing signed by all the members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary of the corporation.

At all meetings of members, each member shall be entitled to one vote and may vote in person or by proxy; provided, however, that members holding title to more than one lot or parcel, or to any part of portion thereof, or holding a contract for the purchase thereof, as aforesaid, or holding one or more lots or parcels or any part or portion thereof, as joint tenants or as tenants in common, shall be entitled to one vote only and may vote in person or by proxy. Such vote may be viva voce or by ballot except as provided by Article II of these By-Laws for elections for Directors.

ARTICLE XVI

Committees

The President shall appoint each year, subject to the ratification of the Board of Directors, from the membership of the corporation, such committees as shall be deemed advisable to carry out the purposes of the corporation.

Architectural Committees representing the several recorded divisions of the "Friendly Hills" area, when authorized by the Murphy Ranch Land Development Company, shall be among those named, it being the purpose of said Architectural Committees to collaborate with the Murphy Ranch Land Development Company in requiring strict compliance with the Property and Building Restrictions applicable to the subdivision, which each represents, and to recommend legal action to the Board of Directors for the endorsement thereof.

ARTICLE XVII

Amendments

These by-Laws may be amended or repealed or new by-laws may be adopted by the vote or written assent of a majority of the members entitled to vote, or by the vote of a majority of a quorum at a meeting duly called for the purpose. Subject to the right of members to adopt, amend or repeal by-laws, By-Laws, other than a by-law or amendment thereof changing the authorized number of Directors, may be adopted, amended or repealed by the Board of Directors.

ARTICLE XVIII

Proxies

Every member entitled to vote shall have the right to do-so by an agent or agents authorized by a written proxy executed by such member, or by his duly authorized agent, and filed with the Secretary of the corporation before the voting begins.

ARTICLE XIX

Annual Report

The President shall present an annual report to the members at each annual meeting of the members, which annual report shall show the financial condition and the administration of the affairs of the corporation, and shall thereupon be filed with the Secretary and be open to the inspection of any member.

ARTICLE XX

Seal

The corporation shall have a common seal consisting of two concentric circles with the words, "THE FRIENDLY HILLS PROPERTY OWNERS ASSOCIATION" and the words and figures, "INCORPORATED MAY 18, 1949 CALIFORNIA".

RESOLVED, that the By-Laws of The Friendly Hills Property Association (hereinafter called "By-Laws") be amended as follows:

The following Article XXI and Article XXII are hereby added to the By-Laws:

"ARTICLE XXI
Indemnification

1. Right of Indemnity

To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that Section. "Expenses," as used in this by-law, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

2. Approval of Indemnity

On written request to the board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the board shall authorize indemnification. If the board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the board shall promptly call a meeting of members. At that meeting, the members shall determine under Section 7237(e) whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the members present at the meeting in person or by proxy shall authorize indemnification.

3. Advancement of Expenses

To the fullest extent permitted by law and except as otherwise determined by the board in a specific instance, expenses incurred by a person seeking indemnification under Sections 1. and 2. of this Article XXI of these by-laws in defending any proceeding covered by those Sections shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses.

ARTICLE XXII
Insurance

The corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's, or agent's status as such."

RESOLVED, that the By-Laws of The Friendly Hills Property Association (hereinafter called "By-Laws") be amended as follows:

Article I of the By-Laws is hereby deleted and the following is substituted for and in lieu thereof:

"ARTICLE I
Purposes and Number of Directors

1. Number of Directors

The Board of Directors of this corporation shall consist of fifteen (15) Directors who shall be members of this corporation in good standing, and eight (8) shall constitute a quorum for the transaction of business. The authorized number of Directors may be changed by a By-Law adopted by the vote or written assent of the regular members entitled to exercise a majority of the voting power of the corporation.

2. Purposes

This corporation is a non-profit mutual benefit corporation organized under the non-profit mutual benefit corporation law. The general purpose for which this corporation is organized is to engage in any lawful act or activity for which a corporation may be organized under such law. Within the context of this general purpose, but not as a limitation thereof, the corporation shall maintain, support and improve the unique character and beauty of that area covered by the covenants, conditions and restrictions ("CC&R's") for the seventeen tracts comprising that area known as "Friendly Hills." Further, and also without limiting the generality of the foregoing purposes, the corporation shall have the specific purposes of: a) upholding, maintaining, preserving and enforcing the CC&R's; b) sponsoring and maintaining programs and projects providing for the improvement and beautification of Friendly Hills; c) participating in and taking positions with respect to any municipal or other governmental hearings, actions, proceedings, ordinances, regulations or legislation which may have any effect on the beauty, character, building, improvements or density of any property within Friendly Hills; and (d) any other functions or activities related to the foregoing as determined by the Board of Directors."