

BY-LAWS
OF
FOOTHILL VILLAGE
RECREATION & MANAGEMENT ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is FOOTHILL VILLAGE RECREATION & MANAGEMENT ASSOCIATION, a California Non-Profit Corporation, hereinafter referred to as the "Association". The principal office of the Association shall be located at 511 West Citrus Edge, in the City of Glendora, County of Los Angeles, California.

ARTICLE II

DEFINITIONS

1. The definitions contained in the Declaration are incorporated herein by reference.

2. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions & Restrictions establishing a plan for residential development applicable to that real property located in Tract Number 32717 in the City of Glendora, State of California, County of Los Angeles, which Declaration was recorded on 24 JUNE 1977, 1977, in Book 876, Pages 53-58 Official Records of Los Angeles County, California.

ARTICLE III

A MEETING OF MEMBERS AND VOTING

1. Annual Meeting. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association and not later than six months after the close of escrow on the sale of the first lot in the project and within forty-five days after the closing of the sale of the project interest which represents the fifty-first percentile interest authorized for sale under the first public report for the project, whichever occurs first. The next annual meeting shall be set by the Board so as to occur no later than ninety days after the close of the Association's fiscal year. Subsequent regular meetings of the members shall be held within thirty days of the same day of the same month of each year thereafter at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the members is a legal

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AFTER 1 JAN 1979
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holiday, the meeting will be held at the same hour on the first day following, which is not a legal holiday (excluding Saturday and Sunday).

2. Special Meetings. Special meetings of the members may be called at any time by the president or by a majority of a quorum of the Board of Directors or upon written request of the members who are entitled to vote fifteen percent (15%) of all of the votes of the Class A membership. If the Association is the obligee under a bond or other arrangement to secure performance of the commitment of the Declarant to complete common area improvements which have not been completed prior to the close of escrow of the sale of the first unit, and the provisions of Article XIII, Paragraph 13.14 of the Declaration are applicable, a special meeting of members may be called in accordance with the provisions of Article XIII, paragraph 13.14 of the Declaration which provisions are incorporated herein by reference.

3. Notice and Place of Meeting. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting by personal delivery or mailing a copy of such notice, postage prepaid, at least ten but not more than thirty days before such meeting to the City of Glendora, if notice is requested, and to each member entitled to vote thereat, addressed to the members address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Meetings shall be held within the project or at a meeting place within the county, as close to the project as possible. The City of Glendora may designate in writing a representative to attend all meetings.

4. Quorum. The presence either in person or by proxy, at any meeting, of members entitled to cast at least fifty-one percent (51%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five days and not more than thirty from the original meeting date. The quorum for such a meeting shall be not less than twenty-five percent (25%) of the votes of each class of membership present either in person or by proxy. No notice of the adjourned date of the meeting shall be required other than announcement at the meeting.

5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically

cease upon conveyance by the member of his lot, or upon receipt of notice by the secretary of the Board of the death or judicially declared incompetence of such member.

6. Each lot shall have one vote, in accordance with Article VII of the Articles of Incorporation of the Association.

ARTICLE IV

BOARD OF DIRECTORS:

SELECTION:

TERM OF OFFICE:

1. Number. The affairs of this Association shall be managed by a Board of three directors, who need not be members of the Association, until conversion of Class B membership to Class A, after which time all directors must be members of the Association.

2. Term of Office. At the first meeting of the Association the members shall elect three directors for a term of one year, and at each annual meeting thereafter the members shall elect three directors for a term of one year.

3. Removal. Unless the entire Board is removed from office by the vote of Association members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to one plus the authorized number of directors. In the event of death, resignation or removal of a director, his successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of his predecessor.

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

5. Action taken without a meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

6. Indemnification of officers and directors. Each director and officer shall be indemnified by the Association and the members against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him by

judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having been a director or officer of the Association, except in cases of fraud, gross negligence, or bad faith of the director or officer in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty days prior to each annual meeting of the members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

2. Election. The first election of the Board shall be conducted at the first meeting of the Association. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of the Declaration. The persons receiving the largest number of votes shall be ^{ELECTED} ~~cast~~. Cumulative voting shall be utilized during all elections in which more than two positions on the Board are to be filled. Voting for directors shall be by secret written ballot. At any election in which the members other than the Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one director through the accumulating of all of their votes, the person nominated for the Board who receives the highest number of votes cast by members other than Declarant shall be elected to the Board, and the remaining directors shall be elected in accordance with normal voting procedures. A director who was elected solely by the votes of members other than Declarant may be removed from office prior to the expiration of his term by the votes of a majority of members other than Declarant.

ARTICLE VI

MEETINGS OF DIRECTORS

1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such place within the project and at such hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then

that meeting shall be held at the same time on the same day which is not a legal holiday, excluding Saturday and Sunday. Notice of the time and place of the meeting shall be posted at a prominent place within the Common Area.

2. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the president of the Association, or by any two directors other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all directors and posted at a prominent place within the Common Area not less than seventy-two hours prior to the scheduled time of the meeting.

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

4. Open Meetings. All meetings of the Board shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

5. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personal matters, litigation in which the Association is or may become involved, disciplinary matters, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE VII

DUTIES AND POWERS OF THE BOARD OF DIRECTORS

1. Duties. It shall be the duty of the Board of Directors to:

(a) Maintenance: Maintain the project in accordance with Article VI, Paragraph 6.1(a) of the Declaration;

(b) Insurance: Maintain insurance as required by Article XIII, Section 13.9 of the Declaration;

(c) Discharge of Liens: Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the member or members responsible for the existence of said lien;

(d) Assessments: Fix, levy, collect and enforce assessments as set forth in Article V of the Declaration;

(e) Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(f) Records: Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth of the Class A members;

(g) Supervision: Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed;

(h) Enforcement: Enforce these By-Laws and the Declaration.

2. Powers. The Board of Directors shall have power to:

(a) Manager: Employ a manager as provided in Article VI, Section 6.2(c) of the Declaration;

(b) Adoption of Rules: Adopt rules in accordance with Article VI, Section 6.2(d) of the Declaration;

(c) Assessments, Liens and Fines: Levy and collect assessments and impose fines as provided in Article VI, Section 6.2(f) of the Declaration;

(d) Enforcement: Enforce these By-Laws and the Declaration in accordance with Article XII of the Declaration;

(e) Contracts: Contract for goods and/or services in accordance with Article VI, Section 6.2(k) of the Declaration;

(f) Delegation: Delegate its authority and powers to committees, officers or employees of the Association;

(g) Use of Recreational Facilities: Limit the number of an owner's guests who may use the recreational facilities.

3. Prohibited Acts. The Board of Directors shall not take any of the following actions, except with the vote or written consent of a majority of the voting power of the Class A members:

(a) Enter into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one year with the following exceptions:

(1) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

(2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rates;

(3) Prepaid casualty or liability insurance policies of not to exceed three years duration provided that the policy permits short rate cancellation by the insured.

(b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(d) Paying compensation to members of the Board or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

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

by resolution create.

2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following such annual meeting of the members.

3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign or shall be removed, or otherwise disqualified to serve.

4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time determine.

5. Resignation and Removal. Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to this Article VIII, paragraph 4.

8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice President. The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare and distribute financial statements to each member and to the City of Glendora as follows:

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty days before the beginning of the fiscal year;

(2) A balance sheet as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of a lot in the project, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the lot and the name or names of the owners assessed;

(3) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed within ninety days after the close of a fiscal year;

(4) Institutional lenders shall, upon request, receive an audited financial statement of the project within ninety days following the end of the fiscal year of the project. The foregoing duties may be delegated to a manager appointed by the Board.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Committee as provided in the Declaration, a Nominating Committee, as provided in these By-Laws and a Disciplinary Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint such

other committees as deemed appropriate in carrying out its purposes.

ARTICLE X

DISCIPLINARY COMMITTEE

The Disciplinary Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Committee shall be composed of not less than three, nor more than five persons. The Disciplinary Committee shall be appointed by the Board of Directors at the annual meeting of the members and shall serve for a term of one year until the next annual meeting of the members.

No member of the Disciplinary Committee shall be liable for any action taken by reason of or resulting from any mistake in judgment, negligence or nonfeasance.

The Disciplinary Committee shall exercise the power to impose fines or take disciplinary action against any owner in accordance with Article VI, Section 6.2(f) of the Declaration and shall exercise such power in accordance with the following provisions:

(a) Fines may be levied against an owner for any violation of the Declaration, these By-Laws, or the rules and regulations adopted by the Board of Directors, as may be amended from time to time, by any owner or by his or her family, relatives, guests or invitees, both minor or adult. Fines may be levied for each such offense, but only after approval of a majority vote of the Disciplinary Committee. For the first offense such fine shall not exceed \$25.00 or value of offense. For repeated offenses, fines shall not exceed \$100.00 or value of offense. For continuing offenses, fines shall not exceed \$100.00 per month or value of offense.

(b) Such fines shall not be levied until after the Disciplinary Committee shall have sent a letter of explanation to the owner stating the violation, the amount of the proposed fine and advising the homeowner that he is entitled to request a hearing within ten days from the date of such letter. Upon receipt by the chairman of the Disciplinary Committee of a request by the owner for a hearing, the Disciplinary Committee shall, within a reasonable time thereafter, set the matter for hearing and advise the owner of the date, time and place of said hearing, which hearing shall be no earlier than ten days from such notice. The owner shall be entitled to offer evidence, both oral or in writing in his defense. The Committee shall be the judge of the admissibility of the evidence offered and conformity to legal rules of evidence

shall not be necessary. If the owner does not appear at the time set for the hearing, the fine shall be considered in full force and effect.

(c) The owner shall have the right to appeal to the Board of Directors any ruling by the Disciplinary Committee, provided the owner sends notice of such appeal to the Board of Directors within ten days after the date of the Committee's decision. Upon receipt of such notice of appeal, the Board of Directors shall review the decision of the Committee, which decision shall be sustained if the Board finds that there is sufficient evidence to support it. In such event the decision of the Committee shall become final and such fines imposed by the Committee shall be considered in full force and effect.

(d) Upon the decision of the Committee becoming final, the fine shall be payable forthwith. In the event that such fine is not paid, when due, the same shall be added to the owner's monthly maintenance charges and assessments. In the event of default by said owner in the payment of said fine, the Board of Directors, in the name of the Association, shall be entitled to a lien upon the interests of said defaulting owner in his lot and such lien may be enforced and foreclosed upon in the manner provided for in Article V of the Declaration.

(e) The power to levy such fines shall be in addition to the rights of the Association and the Board of Directors, and as provided or implied elsewhere in the Declaration and these By-Laws.

ARTICLE XI

BOOKS AND RECORDS

1. Inspection by Members. The membership register, books of account and minutes of meetings of the members of the Board, and of Committees shall be made available for inspection and copying by any member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association, or at such other place within the project as the Board may prescribe.

2. Rules for Inspection. The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the Custodian of the Records by the member desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made;

(c) Payment of the cost of reproducing copies of documents requested by a member.

3. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents.

4. Inspection by the City of Glendora. A duly authorized representative of the City of Glendora may inspect the membership register, books of account and minutes of meetings of the members, of the Board and of Committees in accordance with paragraphs 1 and 2 of this Article XI.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments. Any assessments which are not paid within thirty days after the due date shall be delinquent and shall bear interest at the rate of ten percent (10%) per annum from the due date until the date paid. The Association may bring an action at law against the owner personally obligated to pay the same or record a notice of assessment pursuant to Civil Code Section 1356 and the amount of such assessment shall be and become a lien upon the lot against which the assessment is made on the date such notice is so recorded. Within one year after such notice is recorded, unless sooner satisfied and released, the Association may foreclose the lien against the lot pursuant to and in accordance with Article XII of the Declaration. Interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

ARTICLE XIII

AMENDMENTS

1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote at a meeting where a quorum exists, of a majority of members in each class and present in person or by proxy; provided, however, no amendment to these By-Laws may be made without the express written consent of the City of Glendora which consent must be attached to any such amend-

ment.

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

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of each year, except that the first fiscal year shall begin on the date of incorporation of the Association.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 8 day of February, 1977.

William M. Raymond
PRESIDENT

Paul E. Johnson
VICE PRESIDENT

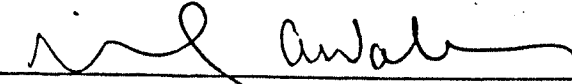
Jim Wall
SECRETARY

I, the undersigned, the duly elected and acting secretary of Foothill Village Recreation & Management Association, do hereby certify:

That the within and foregoing By-Laws were adopted as the By-Laws of said corporation on the 8 day of February.

1977, and that the same do now constitute the By-Laws of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 8 day of February, 1977.



Secretary