

BY-LAWS

of

ROLLING HILLS COMMUNITY ASSOCIATION

of

RANCHO PALOS VERDES

a corporation

Amended and Restated July 15, 2008

Membership

Section 1.01: Except as is hereinafter in Section 1.02 provided, each person, group of persons, partnership, association and corporation owning legal or equitable title to one or more home sites (as that term is defined in Section 1.04 of these By-laws) shall, by reason of such ownership, and for so long, but only for so long, as such ownership continues, be a member of this Corporation.

Section 1.02: No person, group of persons, partnership, association or corporation holding title to any such home site as security for the payment of money or the performance any other obligation or as vendor under any contract for the sale of any such home site shall be a member of this Corporation by reason of such ownership.

Section 1.03: This Corporation shall not be obligated to recognize the fact of the membership of any member or to take cognizance of the number of home sites owned by any member until such member shall have furnished the Secretary of the Corporation evidence satisfactory to him of such member's ownership of one or more of such home sites.

Section 1.04: The term "home site" as used in these By-laws shall mean a piece or parcel of land subject to the territorial jurisdiction of this Corporation, upon which one dwelling house is or may properly be erected under the terms and

provisions of the restrictive conditions and covenants affecting said land or under any proper consent granted by or in the name of this Corporation or the Palos Verdes Corporation.

Liability of Members
For
Dues, Assessments, and Other Charges

Section 2.01: No dues, fees or other charges or assessments shall be charged or made by this Corporation to or upon its members, excepting the annual maintenance charge or assessment provided for in the covenants, conditions and restrictions to which the home site or sites owned by the individual member are subject.

Meetings of Members and
Voting Rights

Section 3.01: A regular meeting of the members of this Corporation shall be held on the third Wednesday in January of each year at the principal office of the Corporation in Los Angeles County, California, or at such other place in said county as may be designated by resolution of the Board of Directors.

Section 3.02: Special meetings of the members of this Corporation shall be called and held as may be ordered by the Board of Directors or by members holding not less than ten per cent (10%) of the voting power of the members. No business other than that stated in the notice of a special meeting of the members of this Corporation shall be transacted at such special meeting.

Section 3.03: Notice of the meeting of the members of this Corporation shall be given by the Secretary by single publication in a newspaper, selected by the Secretary and having general circulation in the area subject to the territorial jurisdiction of this Corporation, published not more than twenty nor less than ten

days prior to the date of the meeting being noticed and by writing, mailed to each member of this Corporation as shown in the Membership book on the date 31 days prior to the date of such meeting, which writing shall be mailed not more than twenty-five nor less than ten days prior to the date of the meeting being noticed. The notice of a meeting of the members of this Corporation shall state the date, hour and place of the meeting noticed and, in the case, but only in the case, of special meetings, must state, with particularity, the nature and scope of the business to be transacted thereat.

Section 3.04: Members, present in person or by proxy, representing one more than one-third of the voting power of all the members of the Corporation, or 100 votes, whichever is less, shall constitute a quorum for the transaction of any business properly brought before the members at any meeting of the members of this Corporation.

Section 3.05: The voting power of the members shall be unequal according to the following rules:

Each member of this Corporation shall be entitled to one vote for each home site owned by him, provided, however, when a home site is owned by two or more persons as tenants-in-common, as joint tenants, or otherwise, such ownership shall entitle all owners, in the aggregate, to but one vote; provided, further, that no member of the Association shall be entitled to more than ten votes.

Officers

Section 4.01: There shall be a President, a Vice-President, a Secretary, a Treasurer, an Assistant Secretary and an Assistant Treasurer of this Corporation who shall be elected by and hold office at the pleasure of the Board of Directors. No person, not a member of the Corporation, may be elected an officer of or hold office in this Corporation other than the Association Manager who may serve as Assistant Secretary or Treasurer at the pleasure of the Board of Directors.

Section 4.02: Except as is otherwise provided in these By-laws, the Officers of this Corporation shall have the usual powers and perform all the usual duties incidental to their respective corporate offices and shall, in addition, perform such other duties as shall be assigned to them by the Board of Directors. In the event of the absence or disability of any officer of the Corporation, the Board of Directors may delegate such officer's powers to any other officer or to any member of the Corporation during such absence or disability, and the person so designated shall, for the time being, be the officer whose duties he so assumes.

Section 4.03: The Board of Directors may from time to time create or do away with such additional offices as it may determine upon and may appoint officers to fill such additional offices and may define their duties and fix their tenure of office.

Directors

Section 5.01: All corporate powers of this Corporation shall be vested in a board of five directors who shall be elected by the members of this Corporation from among themselves at the Annual Meeting of the Corporation.

Section 5.02: No person shall be eligible to hold office as a director of this Corporation unless he is a member of this Corporation. If a person, theretofore elected or appointed a director of the Corporation, shall cease to be a member of the Corporation, he shall likewise cease to be a director of the Corporation.

Section 5.03: At the first Annual Meeting of the members following approval of these By-laws, (unless a board elected by the members at a previous meeting shall then be holding office) five members shall be elected directors of the Corporation, one to hold office for a term of one year and until his successor shall be elected and qualified, two to hold office for terms of two years and until their successors shall be elected and qualified and two to hold office for terms of three years and until their successors shall be elected and qualified. All directors thereafter elected (and all directors elected at the first Annual Meeting of the

members following adoption of these By-laws, if an elected rather than an appointed Board of Directors shall then be holding office) shall hold office for a term of three years and until their successors shall have been elected and qualified.

Section 5.04: Vacancies in the membership of the Board of Directors, occurring 91 days or more prior to the regularly scheduled election, shall be filled by Resolution adopted by a majority of the remaining members of the Board of Directors. Persons so appointed to membership shall hold office as a Director of the Corporation until the next annual meeting of members of the Corporation at which meeting a successor shall be elected to hold office for the unexpired term of the Director whose removal or departure from the board caused such vacancy to exist.

Section 5.05: Three directors shall constitute a quorum for the transaction of the business of the Board of Directors of the Corporation, but no business shall be transacted by the Board except upon the vote of a majority of all the directors.

Section 5.06: Regular meetings of the Board of Directors of the Corporation shall be held twice monthly on such days and at such times and places as shall be fixed by resolution of the Board of Directors, copies of which resolution shall be available for inspection by the members of the Corporation at the office of the Association. No notice need be given of any meeting held pursuant to any such resolution. Special meetings of the Board of Directors may be called by the President, or by any two directors, on two days notice (a copy of which shall be posted at each gatehouse) given each director either personally, by ordinary mail, electronic mail or facsimile transmission. A meeting of the Board of Directors may be held, without notice, immediately after the Annual Meeting of the members of the Corporation. All meetings of the Board of Directors and all sessions of committees appointed by the Board of Directors shall be open to members of the Corporation except as otherwise provided by California law.

Section 5.07: The Board of Directors shall appoint the committees hereinafter in these By-laws provided for and may, in its discretion, appoint and

disband such additional committees as it shall, from time to time, deem advisable. The Board may delegate to each committee appointed by it such power and authority to act, in respect to matters placed within its jurisdiction, as the Board shall deem advisable, provided, however, that no committee shall be empowered to obligate this Corporation in any manner whatsoever, and provided further that any member of this Corporation, aggrieved by any act or decision of any committee, shall have the right to appeal such act or decision, in writing, to the Board of Directors, provided such appeal be taken within fifteen (15) business days following the act or decision complained of. No act or decision of any committee shall be final until expiration of such appeal period, and, if an appeal be taken from any such act or decision, until the appeal has been disposed of by the Board of Directors. Any member appealing from an act or decision of a committee shall have the right to appear before the Board of Directors to argue the merits of his appeal, and no appeal shall be disposed of by the Board until reasonable opportunity for argument shall have been accorded all interested parties.

Architectural Committee

Section 6.01: The Board of Directors shall appoint an Architectural Committee of five members of the Corporation, two members of which shall serve a term of two years, and three members of which shall serve for a period of three years. All members of said Committee thereafter appointed shall serve as members for a term of three years. One and not more than two members of the Architectural Committee shall be architects licensed to practice as such by the State of California. Notwithstanding the above, membership in the Corporation shall not be a required qualification for an architect member of the Architectural Committee. Vacancies on said Committee shall be filled by appointment of the Board of Directors for the unexpired portion of the vacated term.

Section 6.02: Subject to the provisions of Section 5.07 of these By-laws, the Architectural Committee is hereby authorized and empowered to exercise the rights and privileges conferred and is directed to perform the duties and obligations imposed upon this Corporation with respect to the matter of policing and enforcing building restrictions, all as set forth in the covenants and restrictions and agreements applicable to the various parcels of land within the territorial jurisdiction of the Corporation. In this connection, said committee shall examine and approve or disapprove all plans and specifications for the construction of buildings and other improvements within the territorial jurisdiction of the Corporation, shall issue building permits, shall inspect construction in progress to determine that such construction is in compliance with the plans and specifications approved by it and, upon request, shall issue certificates of completion and compliance in proper cases. In addition, the Architectural Committee shall exercise such additional duties as the Board of Directors may, from time to time, direct.

Section 6.03: The Association Manager shall keep records of all building permits and other approvals or disapprovals issued by and in the name of the Corporation and shall furnish certified copies of any such records when authorized so to do by the Board of Directors.

Finance

Section 7.01: The Board of Directors shall have oversight of the administration of the financial affairs of the Corporation including the keeping of accounts and financial records, the levy of assessments and the collection of charges or assessments and other fees and revenues and, except as otherwise herein provided, the custody and disbursement of the corporate funds and moneys and the deposit of the same in such bank or banks as the Board of Directors may designate.

Section 7.02: The Corporation shall keep such accounts and records as shall be adequate to record all cash receipts and disbursements, all revenues accrued and liabilities incurred and all transactions relating to the acquisition, custody or disposition of property.

Section 7.03: Not later than one month before the end of each fiscal year (which is hereby declared to be the year elapsing between July 1 of each year and June 30 of the following year), the Board of Directors shall cause a proposed budget to be prepared for the ensuing year. The budget shall present the following information:

- a) An itemized statement of the appropriations recommended by the Board of Directors for current expenses and for permanent improvements for the ensuing fiscal year with comparative statements, in parallel columns, of the appropriations and expenditures for the current and next preceding fiscal year and the increases or decreases in the appropriations recommended.
- b) An itemized statement of the charges and assessments required and of the estimated revenues of the Corporation from all other sources for the ensuing fiscal year with comparative statements, in parallel columns, of the revenues for the current and next preceding fiscal year and of the increases or decreases estimated or proposed.
- c) A statement of the financial condition of the Corporation; and
- d) Such other information as may be required by the Board of Directors.

Copies of the proposed budget shall be available for distribution to members not later than two weeks after its acceptance by the Board of Directors and a public hearing shall be held with respect thereto before formal adoption of the annual budget by the Board of Directors.

Section 7.04: At the first meeting of the Board of Directors in October of each fiscal year, the Board shall, by resolution, fix and establish the amount of the annual maintenance charge or assessment mentioned in Section 2.01 hereof.

Section 7.05: If all or substantially all the land subject to the jurisdiction of this Corporation is included in a city having substantially the same boundaries as does the land subject to the jurisdiction of this Corporation, the maximum rate to be applied to assessed valuation in computing the amount of the annual maintenance charge or assessment to be paid by each member of this Corporation for a particular year shall be determined by subtracting from the maximum rate provided in the Covenants, Conditions and Restrictions for the particular parcel, the tax rate for general fund purposes of such city for that year.

LIMITATIONS UPON AUTHORITY OF BOARD OF DIRECTORS

Section 8.01: The Board of Directors is empowered to borrow money in a sum not to exceed the anticipated receipts from maintenance charges or assessments for the current fiscal year, provided said action of the Board of Directors is taken at a regular meeting or a special meeting of the Board of Directors called for that purpose and noticed as required by Section 5.06, at which meeting all directors are present and vote in favor thereof.

Section 8.02: Within three months following the close of each fiscal year, an audit shall be made of all the accounts of the Corporation. Such audit shall be made by disinterested public accountants selected by the Board of Directors.

Section 8.03: At the first meeting of the Board of Directors held after the annual meeting of the members, the Board of Directors shall elect a nominating committee of three members to present to the annual meeting, a list containing the names of the members of the Association for election as directors, which list may include any directors or officers then or theretofore holding office. The list of members nominated by the Committee shall be presented to the Board of Directors on or before November 1st of each year commencing with the year 1975. The Board of Directors shall then cause said list of nominees to be placed on any proxy

material solicited by the Board and mailed to the members of the Association not more than 25 days nor less than 10 days prior to the date of such meeting. In making such nomination, the committee shall endeavor to select candidates so that the members of the Board of Directors will be representative of all members.

AMENDMENTS

Section 9.01: These By-laws may be repealed or amended or new By-laws may be adopted by the vote or the written assent of members entitled to exercise a majority of the voting power of the Corporation.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of the Rolling Hills Community Association of Rancho Palos Verdes, does hereby certify that the foregoing By-laws of said Association were duly adopted as the By-laws thereof by a majority vote of the members of said Association on July 15, 2008.

Secretary of the
Rolling Hills Community Association
Of Rancho Palos Verdes

(SEAL)