

AMENDED AND RESTATED BYLAWS
OF
ASSOCIATION OF COMMERCIAL REAL ESTATE, INC.,
A California Nonprofit Mutual Benefit Corporation

ARTICLE 1. NAME AND OFFICES.

1.01. Name. The name of this corporation is Association of Commercial Real Estate, Inc. (sometimes referred to herein as "ACRE").

1.02. Principal Office. The board of directors shall fix the location of the principal executive office of the corporation at any place within or without the State of California. If the principal executive office is located outside this State, and the corporation has one or more business offices in this State, the board of directors shall fix and designate a principal business office in the State of California.

1.03. Other Offices. The board of directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

ARTICLE 2. PURPOSES.

2.01. General Purposes. This corporation is a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law. Notwithstanding any other provisions of these bylaws, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

2.02. Specific Purposes. The specific purposes of this corporation are to devote itself to the promotion of high standards in the field of commercial real estate that will foster knowledgeable, ethical, and efficient activities by its members.

2.03. Bylaws. These Amended and Restated Bylaws of ACRE, dated December 11, 2024, shall amend, restate and supersede all prior bylaws or similar governing documents for ACRE.

ARTICLE 3. MEMBERS.

3.01. Classes. There shall be three (3) classes of membership as follows:

(a) Active. Active membership shall be granted to the following individuals: A person who satisfies the following criteria: (i) he or she is a real estate broker or agent, property manager or developer who is licensed by the State of California Department of Real Estate, or is a principal, partner, corporate officer, trustee, or employee of any of the foregoing, and (ii) spends at least seventy-five (75%) of his/her working time in the field of commercial real estate brokerage, management, or development.

(b) Associate. Associate membership shall be granted to the following individuals, companies or organizations: A person who spends at least seventy-five percent (75%) of his or her working time or a company or organization that has one or more employees who spend at least seventy-five percent (75%) of their working time in the field of commercial real estate in any of the following subcategories.

(1) A title insurance provider, a provider of commercial real estate escrow services or a principal, partner, corporate officer, or employee of either of the foregoing providers;

(2) An attorney licensed to practice law or a principal, partner, corporate officer, or employee of such an attorney;

(3) A licensed real property appraiser or a principal, partner, corporate officer, or employee of such an appraiser;

(4) A lender, licensed mortgage broker or a principal, partner, corporate officer, or employee of either of the foregoing;

(5) A licensed general contractor (license category GC) or a principal, partner, corporate officer, or employee of such a general contractor;

(6) A licensed architect or a principal, partner, corporate officer, or employee of such a licensed architect;

(7) A licensed civil, structural or environmental engineer or a principal, partner, corporate officer, or employee of either of the foregoing; and

(8) A provider of exchange intermediary services or a principal, partner, corporate officer, or employee of such services.

When an associate membership has been granted to a company or organization, that company or organization shall appoint one principal, partner, corporate officer or employee of such company or organization to be its designated representative to ACRE. Such designated representative shall exercise all the rights of such associate membership on behalf of such company or organization. Such company or organization may replace such designated representative from time to time at its discretion upon written notice to ACRE. If an associate membership has been granted to a company or organization whose entire staff of employees collectively spend at least seventy-five percent (75%) of their working time in the field of commercial real estate, then such company or organization may designate any of its principals, partners, corporate officers or employees as its designated representative to ACRE. However, if an associate membership has been granted to a company or organization that does not meet the criteria set forth in immediately preceding sentence, then such company or organization must designate as its designated representative to ACRE a principal, partner, corporate officer or employee of such company or organization that spends at least seventy-five percent (75%) of his or her working time in the field of commercial real estate.

(c) Affiliate. Affiliate membership shall be granted to individuals, companies or organizations directly involved in commercial real estate in allied fields who do not otherwise qualify for active or associate membership pursuant to the criteria set forth in Sections 3.01(a) and (b) above, subject to the following conditions:

(1) When an affiliate membership has been granted to a company or organization, that company or organization shall appoint, at its discretion, one person as its designated representative. Such company or organization may replace such designated representative from time to time at its discretion upon written notice to ACRE.

(2) The number of affiliate members shall be limited to twenty-five percent (25%) of the total number of members in ACRE, provided that the board of directors may review and amend such limitation annually.

3.02. Waiting List. With respect to the categories of membership described in Sections 3.01(b) and (c) above, the board of directors shall have the right, at its sole discretion, to select applicants for associate or affiliate membership from waiting lists maintained by the board of directors.

3.03. Other “Members”. The board of directors may adopt policies and procedures for the admission of persons as “members” even though such persons are not voting members, and no such reference shall constitute anyone a member within the meaning of California Corporations Code section 5056.

3.04. Qualification and Approval.

(a) Application.

(1) Application for membership shall be made in such manner and form as may be prescribed by the board of directors.

(2) The application form shall contain, at a minimum, the applicant’s name; business name, address, and phone; commercial real estate experience/activities; type and status of real estate or other required license, if applicable, and the category (and, if applicable, subcategory) of membership for which the application is submitted.

(b) Qualification. An applicant for active or associate membership shall supply evidence satisfactory to the membership committee, or such other committee established by the board of directors from time to time, that the applicant devotes a minimum of seventy-five percent (75%) of his/her working time in the field of commercial real estate (or, if the applicant is a company or organization, that the company or organization, or its designated representative, as applicable, satisfies the applicable requirement for involvement in the field of commercial real estate) and that the applicant otherwise satisfies the applicable criteria for membership set forth in Section 3.01 above.

(c) Approval. The procedure for approval of membership shall be as follows:

(1) The membership committee, or such other committee established by the board of directors from time to time, shall review the membership application for completeness and shall determine if and for which class of membership (and, if applicable, what subcategory of associate membership) the applicant qualifies. In addition to the information provided on the application, the membership committee, or such other committee established by the board of directors from time to time, may use other information available to it including personal or member knowledge of the applicant.

(2) The membership committee, or such other committee established by the board of directors from time to time, shall report its recommendations at the next regularly scheduled meeting of the board of directors. If the recommendation is for disapproval of the application, the reasons therefore shall be specifically stated. If any member of the membership committee submits a dissenting recommendation, it shall be transmitted to the board of directors.

(3) The board of directors shall review the qualifications of the applicant and the recommendation of the membership committee, or such other committee established by the board of directors from time to time, and vote on his/her eligibility for membership. If the applicant receives a majority vote of the board of directors, he/she shall be declared approved for membership and shall be advised by notice in writing. If the applicant does not receive a majority vote of the board of directors, he/she shall be advised by notice in writing and offered the opportunity to provide additional information supporting his/her application for membership, which additional information shall be reviewed by the board of directors at its next regularly scheduled meeting to determine if additional consideration is warranted.

3.05. Dues and Fees.

(a) Annual membership dues shall be set by the board of directors and shall be due and payable on the first day of the month of the anniversary date of the members' membership.

(b) Event fees shall be set by the board of directors.

3.06. Suspension and Termination.

(a) Suspension. Membership, and all of the rights of membership, shall be suspended upon:

(1) failure to pay annual dues within 30 days after the date due.

(2) failure to pay other amounts due, including returned checks and fees thereon, within 30 days of notice.

(b) Termination. Membership shall be terminated upon:

(1) The resignation of the member.

(2) A change in qualifications of membership which would render the member ineligible for membership, including but not limited to, a suspension or revocation of a member's real estate license.

(3) The determination by the board of directors that the member has materially failed to follow industry rules and ethics as promoted by ACRE, or has engaged in conduct materially prejudicial to the interests of ACRE.

(4) The failure of a member to pay his/her annual dues within 60 days of the date due.

ARTICLE 4. MEETINGS AND VOTING.

4.01. Meetings.

(a) Place of meetings, meetings by telephone. Regular meetings of the board of directors may be held at any place within or outside the State of California that has been designated from time to time by the board of directors. In the absence of such designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board shall be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice, or if there is no notice, at the principal executive office of the corporation. Notwithstanding the above provisions of this subsection (a), a regular or special meeting of the board of directors may be held at any place consented to in writing by all the board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting. Any meeting, regular or special, may be held by conference telephone, video screen communication or other communications equipment, and participation in a meeting in this way shall constitute presence in person at the meeting if both (1) each member participating in the meeting can communicate concurrently with all other members, and (2) each member is provided the means of participating in all matters before the board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(b) Annual meeting. The annual meeting of ACRE shall be held on the date fixed by the board of directors. At such annual meeting the directors shall be elected and any other proper business may be transacted.

(c) Other regular meetings. Other regular meetings of the board of directors shall be held without call at such time as shall from time to time be fixed by the board of directors. Such regular meetings may be held without notice.

(d) Special meetings. Special meetings of the board of directors for any purpose may be called at any time by the president, the president-elect, the secretary, or any two (2) directors.

(e) Notice. Notice of the time and place of special meetings shall be given to each director by (1) personal delivery of written notice, (2) first-class mail, postage paid, (3) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, or by electronic transmission, either directly to the director or to a

person at the director's office who would reasonably be expected to communicate such notice promptly to the director, (4) facsimile, (5) electronic mail, or (6) other electronic means.

All such notices shall be given or sent to the director's address or telephone number as shown on the records of the corporation. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or electronic transmission or any other means of written communication shall be delivered, telephoned, or sent, respectively, at least forty-eight (48) hours before the time set for the meeting. The notice shall state the time and place for the meeting. However, it need not specify the purpose of meeting, or the place of the meeting, if it is to be held at the principal executive office of the corporation.

(f) Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business at meetings of the board, except to adjourn as provided in subsection (h). Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of the California Nonprofit Corporation Law, especially those provisions relating to the following: (1) approval of contracts or transaction in which a director has a direct or indirect material financial interest, (2) appointment of committees, and (3) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action is approved by at least a majority of the required quorum for that meeting.

(g) Waiver of Notice. Notice of a meeting need not be given to any director, who, either before or after the meeting, signs a written waiver of notice, a written consent to holding the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting need not be given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

(h) Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

(i) Notice of adjournment. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

4.02. Action Without Meeting. Any action required or permitted to be taken by the board of directors may be taken without a meeting, if all members of the board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent or consents shall be filed with the minutes of the proceedings of the board.

4.03. Voting.

(a) Eligibility. Members entitled to vote shall be active or associate members as of the date determined in accordance with these Bylaws, subject to the provisions of the California Nonprofit Corporation Law. Affiliate members are non-voting members.

(b) Manner of Casting Votes. Voting may be by voice or ballot, provided that any election of directors (other than affiliate directors) must be by ballot if demanded by any active or associate member before the voting begins.

(c) Quorum at Annual Meeting. Twenty-Five (25%) of the active and associate members shall constitute a quorum for the transaction of business at the Annual Meeting of the members. The act of the majority of the voting power present at any meeting at which a quorum is present shall be considered the act of the board of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of members, if any action is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by the Articles of Incorporation, these Bylaws or by law.

4.04. Proxies. Every person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the Secretary. A proxy shall be deemed signed if the member's name is placed on the proxy by the member or the member's attorney in fact. The revocability of a proxy shall be governed by the provisions of the California Nonprofit Corporation.

ARTICLE 5. BOARD OF DIRECTORS.

5.01. Number. The authorized number of directors shall be a minimum of fifteen (15) and a maximum of twenty-one (21) until changed by an amendment to this bylaw. The exact number of directors shall be fixed, within those limits, by a resolution adopted by the board of directors.

5.02. Qualifications.

(a) Board Member. To qualify for a position on the board of directors, the candidate must be an active or associate member, with the exception of the one affiliate director elected to represent the affiliate members which director must be an affiliate member.

(b) Officer. To qualify as an officer (other than President) of the organization, the candidate must have been an active or associate member for a minimum of six (6) months at the date of the election.

(c) President. To qualify for the position of president, the candidate must have been an active or associate member and have served a minimum one (1) year term on the board of directors, as of the date of the election. However, a qualified president-elect and each subsequent president-elect shall be deemed president at the end of his or her term as president-elect.

5.03. Nomination for Directors and Officers.

(a) Nominating Committee. By August 15th of each year, the president shall designate three active or associate members in good standing as members of the Nominating Committee. No later than September 15th of each year, the Nominating Committee will, in writing, present a slate of qualified candidates for board of directors for its consideration, and upon approval from the board of directors, the slate shall be published to the membership no less than thirty (30) days prior to the Annual Meeting.

(b) Nomination by Members. Any active or associate member may place names in nomination by submitting his/her nomination in writing to the Nominating Committee no later than September 15th of each year. To be placed on the slate of nominees, a nominee must be nominated by active and associate members representing two percent of the active and associate membership and meet the above stated qualifications. On timely receipt of a petition signed by the required number of members or a qualifying floor nomination, the Secretary shall cause the name of the nominee to be placed on the ballot along with those nominees named by the Nominating Committee.

(c) Election. All Directors and Officers shall be elected by voting at the Annual Meeting in accordance with Section 4.03(c).

5.04. Officers. The officers of the corporation shall be a president, a president-elect, a secretary, and a treasurer. The corporation may also have, at the discretion of the board of directors, one or more vice-presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of this Section. Any number of offices may be held by the same person, except that neither the secretary nor the treasurer may serve concurrently as the president. The prior year's president-elect shall become the president, and the prior year's president shall become the immediate past president provided such persons have been re-elected to the board of directors. The board of directors may appoint, and may empower the president to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the bylaws, or as the board of directors may from time to time determine. Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any other time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party. Any officer may be removed, with or without cause, by the board of directors, at any regular or special meeting of the board, or, except in case of an officer chosen by the board of directors, by an officer on whom such power of removal may be conferred by the board of directors. A director who is removed as an officer may continue to serve as a director subject to Section 5.05. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these Bylaws for regular appointment to that office.

(a) Responsibilities of Officers.

(1) President. The president shall preside at board meetings, have the general powers and duties of management usually vested in the office of the president of a corporation, and shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.

(2) President-Elect. In the absence or disability of the president, the president-elect shall perform all 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 president-elect shall have such other powers and perform such other duties as from time to time may be prescribed for him/her respectively by the board of directors or the bylaws, and the president.

(3) Secretary. The secretary shall keep or cause to be kept, at the principal executive office or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors and committees of directors, with the time and place of holding, whether regular or special and, if special, how authorized, the notice given, the names of those present at the directors' meetings or committee meetings and the proceedings. The secretary shall give, or cause to be given, notice of all meetings of the board of directors required by the bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by the bylaws.

(4) Treasurer. The treasurer shall keep and maintain, or cause to be kept or maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The treasurer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the board of directors. He/she shall disburse the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all of the transactions as treasurer and of the financial condition of the corporation, and shall have other powers and perform such other duties as may be prescribed by the board of directors or the Bylaws.

5.05. Powers of Directors.

(a) General corporate powers. Subject to the provisions of the California Nonprofit Corporation Law, the business and affairs of the corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the board of directors.

(b) Specific powers. Without prejudice to these general powers, and subject to the same limitations, the directors shall have the power to:

(1) Select and remove all officers, members, agents, and employees of the corporation; prescribe any powers and duties for them that are consistent with law, with the articles of incorporation, and with these bylaws.

(2) Change the principal executive office or the principal business office in the State of California from one location to another; cause the corporation to be qualified to do business in any other state, territory, dependency, or country and conduct

business within or without the State of California; and designate any place within or outside the State of California for the holding of any meetings, including annual meetings.

(3) Borrow money and incur indebtedness on behalf of the corporation and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

5.06. Election and Term of Office of Directors. The directors shall be elected by the eligible voting members at each Annual Meeting of ACRE to hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and qualified. A director may succeed himself/herself in such office.

5.07. Vacancies.

(a) Events causing vacancy. A vacancy or vacancies in the board of directors shall be deemed to exist on the occurrence of any of the following:

(1) The death or resignation of any director.

(2) The declaration by resolution of the board of directors of a vacancy of the office of a director who has: (a) become subject to an entry by a court of competent jurisdiction that appoints a guardian or conservator for the director or estate of the director; (b) been convicted of a felony; or (c) has been found by final order or judgment of a court of competent jurisdiction to have breached a duty under California Corporations Code sections 5230 through 5239 or any successor provisions thereto.

(3) The vote of the majority of all directors to remove a director whether with or without cause.

(4) An increase in the authorized number of directors.

(5) The failure of a director to remain a member in good standing.

(b) Resignations. Except as provided in this subsection (b), any director may resign, which resignation shall be effective on giving written notice to the president, the secretary, or the board of directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the board of directors may elect a successor to take office when the resignation becomes effective.

(c) Filling of vacancies. Vacancies in the board of directors shall be filled by a majority of the remaining directors then in office even though less than a quorum, or by the sole remaining director.

5.08. Committees.

(a) Committees of Directors. The board of directors may, by resolution adopted by a majority of the directors then in office, designate one (1) or more committees, each consisting of one (1) or more directors, to serve at the pleasure of the board. Any committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except that no committee, regardless of board resolution, may:

- (1) Fill vacancies on the board of directors or in any committee.
- (2) Amend or repeal bylaws or adopt new bylaws.
- (3) Amend or repeal any resolution of the board of directors which by its express terms is not so amendable or repealable.
- (4) Appoint any other committees of the board of directors of the members of these committees.
- (5) Approve any transaction (i) to which the corporation is a party and one or more directors have a material financial interest; or (ii) between the corporation and one (1) or more of its directors or between the corporation and any person in which one (1) or more of its directors has a material financial interest.

(b) Other Committees. The board of directors may appoint one or more committees, however composed, for any proper purpose. However, such committee or committees may not exercise the authority of the board unless the requirements of subsection (a) are met.

(c) Meetings and Action of Committees. Meetings and actions of committees of the board shall be governed by, held and taken in accordance with the provisions of Sections 4.01 and 4.02 of these bylaws, concerning meetings of directors and director action without a meeting, except that the time for regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the board of directors. Minutes may be kept of each meeting of any committee and any minutes kept shall be filed with the corporate records. The board of directors may adopt rules for the governance of any committee not inconsistent with the provisions of these bylaws.

5.09. Management/Executive Director. Subject to the supervisory powers as may be given by the board of directors or the president, the board of directors may hire a management company or an executive director who shall serve as the general manager of the corporation, and subject to the control of the board of directors, shall supervise, direct and control the corporation's day-to-day activities, business and affairs, and shall have such other powers and duties as may be prescribed by the board of directors or the Bylaws. The management company or executive director shall not be Director or Officer on the board of directors, but shall serve as an ex-officio member of all committees established by the board of directors.

5.10. No Compensation of Directors. No Directors or members of ACRE may receive compensation for their services on the board of directors or for any action on behalf of ACRE.

ARTICLE 6. RECORDS, REPORTS, AND INSPECTION RIGHTS.

6.01. Maintenance of Articles and Bylaws. The corporation shall keep at its principal office the original or a copy of the articles of incorporation and bylaws as amended to date.

6.02. Maintenance of Other Corporation Records. The accounting books, records, and minutes of proceedings of the board of directors and any committee(s) of the board of directors shall be kept at such place or places designated by the board of directors, or, in the absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept in either written or typed form, or in any other form capable of being converted into written, typed, or printed form.

6.03. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. This inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

6.04. Annual Report. The corporation shall provide to the directors, within one hundred twenty (120) days after the close of its fiscal year, a report containing the following information in reasonable detail:

- (a) The assets and liabilities of the corporation as of the end of the fiscal year.
- (b) The principal changes in the assets and liabilities, including trust funds, during the fiscal year.
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (d) The expense of disbursements of the corporation, for both general and restricted purposes, during the fiscal year.
- (e) Any information by California Corporations Code Section 6322, regarding transactions with interested persons and indemnifications.

ARTICLE 7. INDEMNIFICATION OF DIRECTORS, OFFICERS EMPLOYEES AND OTHER AGENTS.

7.01. Definitions. For the purpose of this Article 7,

(a) “Agent” means any person who is or was a director, officer, employee, or other agent of this corporation, or is or was serving at the request of this corporation as a director, officer, employee, or agent of another foreign or domestic association, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or

domestic corporation that was a predecessor corporation of this corporation or of another enterprise at the request of the predecessor corporation;

(b) “Proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative or investigative; and

(c) “Expense” includes, without limitation, all attorneys' fees, costs and any other expenses incurred in the defense of any claims or proceedings against an Agent by reason of his position or relationship as Agent and all attorneys' fees, costs and other expenses incurred in establishing a right to indemnification under this Article 7.

7.02. Successful Defense by Agent. To the extent that an Agent of this corporation has been successful on the merits in the defense of any proceeding referred to in this Article 7, or in the defense of any claim, issue or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection with the claim. If an Agent either settles any such claim or sustains a judgment rendered against him/her, then the provisions of Sections 7.03 through 7.05 shall determine whether the Agent is entitled to indemnification.

7.03. Actions Brought by Persons Other Than the Corporation. Subject to the required findings to be made pursuant to section 7.05, below, the corporation shall indemnify any person who is a party, or is threatened to be made a party, to any proceeding other than an action brought by, or on behalf of, the corporation, or by an officer, director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant director was or is engaging in self-dealing within the meaning of California Corporations Code Section 5233, or by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an Agent of the corporation, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding.

7.04. Action Brought By or on Behalf of the Corporation. If an Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the corporation, with or without court approval, the Agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action brought by or on behalf of the corporation by reason of the fact that the person is or was an Agent of the corporation, for all expenses actually and reasonably incurred in connection with the defense of that action or settlement of such action, provided that both of the following are met:

(a) Good Faith Conduct. The determination of good faith conduct required by Section 7.05, below, must be made in the manner provided for in that Section.

(b) Court Determination. Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent should be entitled to indemnify for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

7.05. Determination of Agent's Good Faith Conduct. The indemnification granted to an agent in Sections 7.03 and 7.04, above, is conditioned on the following:

(a) Good Faith and Reasonable Care. The Agent seeking reimbursement must be found, in the manner provided below, that he acted in good faith, in a manner he believed to be in the best interest of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he/she reasonably believed to be in the best interest of the corporation or what he/she had reasonable cause to believe that his/her conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his/her conduct was unlawful.

(b) Proper Method of Determination. The determination that the Agent did act in the manner complying with subparagraph (a), above, shall be made by:

(1) The board of directors by a majority vote of a quorum consisting of directors who are not parties to the proceeding; or

(2) The court in which the proceeding is or was pending. Such determination may be made on application brought by the corporation or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney or other person is opposed by the corporation.

7.06. Limitations. No indemnification or advance shall be made under this Article 7, except as provided in Sections 7.02 or 7.05(b)(2), in any circumstance when it appears that (a) the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or (b) that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

7.07. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article 7.

7.08. Contractual Rights of Nondirectors and Nonofficers. Nothing contained in this Article 7 shall affect any right to indemnification to which persons other than directors and officers of the corporation, or any subsidiary hereof, may be entitled by contract or otherwise.

7.09. Insurance. The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent of the corporation against any liability asserted against or incurred by the Agent in such capacity or arising out of the Agent's status as such, whether or not the corporation would have the power to indemnify the Agent against that liability under the provisions of this Section.

ARTICLE 8. AMENDMENT TO BYLAWS.

These bylaws may be amended or repealed and new bylaws may be adopted by vote of the board of directors.