

AMENDED AND RESTATED
BYLAWS OF
CRESTVIEW MUTUAL WATER CO.,
a California corporation

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**BYLAWS OF CRESTVIEW MUTUAL WATER CO.,
a California corporation**

ARTICLE I

OFFICES

Section 1. Principal Executive Office

The principal executive office for the transaction of business of the Corporation shall be located at such place within Ventura County, California, as shall be designated from time to time by the Board of Directors. The Board of Directors is hereby granted full power and authority to change said principal executive office from one location to another within said County.

Section 2. Other Offices

Branch or subordinate offices may be established at any time by the Board of Directors at any place or places where the Corporation is qualified to do business.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. Place of Meetings

All annual meetings of shareholders and all other meetings of shareholders shall be held either at the principal executive office or at any other place within or without the State of California which may be designated either by the Board of Directors pursuant to authority hereinafter granted to said Board, or by written consent of all shareholders entitled to vote thereat, given either before or after the meeting and filed with the Secretary of the Corporation.

Section 2. Annual Meetings

(a) The annual meetings of shareholders shall be held on the second Monday in March of each year, at 10:00 a.m., or at such other date and time as shall be designated from time to time by the Board of Directors or by the shareholders in accordance with these Bylaws. If the date set forth in these Bylaws falls upon a legal holiday, then such annual meeting of shareholders shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday.

(b) Written notice of each annual meeting shall be given to each shareholder entitled to vote thereat, either personally or by mail or other means of written communication, with charges

prepaid, addressed to such shareholder at his or her address appearing on the books of the Corporation or given by him or her to the Corporation for the purpose of notice. If a shareholder gives no address, notice shall be deemed to have been given to him or her if sent by mail or other means of written communication addressed to the place where the principal executive office of the Corporation is situated, or if published at least once in some newspaper of general circulation in the county in which said office is located. All such notices shall be sent to such shareholder entitled thereto, not less than five (5) nor more than sixty (60) days before such annual meeting, shall specify the place, day and hour of such meeting, and shall state the general nature of the business or proposal to be considered or acted upon at such meeting, before action may be taken at such meeting on:

(1) A proposal to sell, lease, convey, exchange, transfer or otherwise dispose of all or substantially all of the property or assets of the Corporation, except under Section 1000 of the California Corporations Code;

(2) A proposal of reorganization as set forth in Section 1201 of the California Corporations Code;

(3) A proposal to approve any contract or transaction between the Corporation and one or more of the Directors, or between the Corporation and any corporation, firm or association in which one or more of the Directors has a material financial interest;

(4) A proposal to amend the Articles of Incorporation, except to extend the term of the corporate existence;

(5) A proposal to wind up and dissolve the Corporation;

(6) A proposal to adopt a plan of distribution of shares, securities or any consideration other than money in the process of winding up.

Section 3. Special Meetings

Special meetings of the shareholders, for any purpose or purposes whatsoever, may be called at any time by the President or the Board of Directors, or by one or more shareholders holding not less than twenty percent (20%) of the voting power of the Corporation. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of shareholders. Notices of any special meeting shall specify, in addition to the place, day and hour of such meeting, the general nature of the business to be transacted and no other business may be transacted.

Section 4. Adjourned Meetings and Notice Thereof

(a) Any shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by vote of a majority of the shares, the holders of which are present thereat either in person or by proxy, but, in the absence of a quorum, no other business may be transacted at any such meeting, except as provided in ARTICLE II, Section 7 hereof.

(b) When any shareholders' meeting, either annual or special, is adjourned for forty-five (45) days or more or if, after adjournment, a new record date is fixed for the adjourned meeting, 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 an adjournment or of the business to be transacted at an adjourned meeting, other than by announcement of the time and place thereof at the meeting at which such adjournment is taken.

Section 5. Entry of Notice

Whenever any shareholder entitled to vote has been absent from any meeting of shareholders, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be sufficient evidence that due notice of such meeting was given to such shareholder as required by law and by the Bylaws of the Corporation.

Section 6. Voting

At all meetings of shareholders, every shareholder entitled to vote shall have the right to vote in person or by proxy the number of shares standing in his or her name on the stock records of the Corporation. Such vote may be given by viva voce or by ballot; provided, however, that all elections for Directors must be by ballot if demand for vote by ballot is made by a shareholder at any election and before the voting begins. At an election of Directors of the Corporation if, prior to the voting, any shareholder gives notice at the meeting of the shareholder's intention to cumulate the shareholder's votes, then, provided the names of candidates for Director have been placed in nomination, each shareholder shall be entitled to as many votes as shall equal the number of his or her shares of stock multiplied by the number of Directors to be elected, and he or she may cast all of such votes for a single Director or may distribute them, as he or she may see fit. The candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected. If any one shareholder has given notice of intention to cumulate his or her votes, all shareholders may cumulate their votes for candidates in nomination. If no shareholder complies with the foregoing provisions, then the votes for Directors may not be voted cumulatively.

Section 7. Quorum

The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting shall constitute a quorum for the transaction of business. The shareholders 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 enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum. When a quorum is present at any meeting, a majority in interest of the stock represented thereat shall decide any question brought before such meeting, unless the question is one upon which, by express provision of law or of the Articles of Incorporation or of the Bylaws, a larger or different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 8. Consent of Absentees

The proceedings and transactions of any meeting of shareholders, either annual or special and 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 shareholders entitled to vote, not present in person or by proxy, signs a written waiver of notice, a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. Action Without Meeting

(a) Any action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, has been signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. If the consents of all of the shareholders entitled to vote have not been solicited in writing, then notice of any shareholder approval (obtained without a meeting) of the following:

(1) A proposal to approve any contract or transaction between the Corporation and one or more of the Directors, or between the Corporation and any corporation, firm or association in which one or more of the Directors has a material financial interest;

(2) A proposal to provide indemnification for any or all corporate agents as set forth in Section 317 of the California Corporations Code;

(3) A proposal of reorganization as set forth in Section 1201 of the California Corporations Code; or

(4) A proposal to adopt a plan of distribution of shares, securities or any consideration other than money in the process of winding up;

shall be given at least ten (10) days before the consummation of the action authorized by such approval, and prompt notice shall be given of the taking of any other corporate action approved by shareholders without a meeting, by less than unanimous written consent, to those shareholders entitled to vote who have not consented in writing. Such notice shall be given as set forth in Section 2 of ARTICLE II of these Bylaws.

(b) Any shareholder giving a written consent, or such shareholder's proxy holders, or a transferee of the shares or a personal representative of such shareholder, or their respective proxy holders, may revoke the consent by a writing received by the Corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary of the Corporation, but may not do so thereafter. Such revocation shall be effective upon its receipt by the Secretary of the Corporation. In no event may the Directors be elected by written consent, except by unanimous written consent of all shares entitled to vote for the election of Directors.

Section 10. Proxies

(a) Every person entitled to vote shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his or her attorney in fact, provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise specifically stated in the proxy, which in no case shall exceed seven (7) years from the date of its execution.

(b) Every proxy shall continue in full force and effect until revoked by the person executing it prior to the vote pursuant thereto. Such revocation may be effected by a writing delivered to the Corporation stating that the proxy is revoked or by a subsequent proxy executed by, or by attendance at the meeting and voting in person by, the person who executed the proxy.

ARTICLE III

DIRECTORS

Section 1. Powers

Subject to the limitations of the Articles of Incorporation, the Bylaws and the California Corporations Code as to action to be

authorized or approved by the shareholders, and subject to the duties of Directors as prescribed by the Bylaws, all corporate power shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be controlled by, the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers, to wit:

(a) To select and remove all other officers, agents and employees of the Corporation and to prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or with the Bylaws; to fix their compensation, and to require from them security for faithful service;

(b) 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 with the Bylaws, as they may deem best;

(c) To change the principal executive office for the transaction of the business of the Corporation from one location to another within the same county as provided in ARTICLE I, Section 1, hereof; to fix and locate, from time to time, one or more branch or subsidiary offices of the Corporation within or without the State of California, as provided in ARTICLE I, Section 2 hereof; to designate any place within or without the State of California for the holding of any shareholders' meetings except annual meetings; to adopt, make and use a corporate seal, to prescribe the form of certificates of stock, and to alter the form of such seal and of such stock certificates from time to time, as in their judgment they may deem best, provided such seal and such certificates shall comply at all times with the provisions of the law;

(d) To authorize the issuance of stock of the Corporation from time to time, upon such terms as may be lawful, in consideration of money paid, labor done or services actually rendered, of debts or securities cancelled or of tangible or intangible property actually received;

(e) To require the respective holders of outstanding share certificates to surrender and exchange them for new certificates within a period to be fixed by the Board of Directors, not less than thirty (30) days from the giving of notice, whenever the Articles of Incorporation have been amended so as to in any way affect the statements contained in the outstanding share certificates, or whenever it becomes desirable for any reason, in the discretion of the Board of Directors, to cancel any outstanding share certificate and issue a new certificate therefor conforming to the rights of the holder. In any order requiring such surrender and exchange, the Board of Directors may provide that no holder of any such certificate ordered to be surrendered shall be entitled to vote or to receive any water or exercise any of the other rights of

the shareholders of record until he or she shall have complied with such order, but such order shall only operate to suspend such rights after notice and until compliance. Notice of such order shall be given in the manner prescribed in these Bylaws for notice of meetings of shareholders. Such duty of surrender may also be enforced by an action at law; and any shareholder having the ability, or other person having the possession and control, refusing or failing to surrender and exchange any share certificate in accordance with the order of the Board of Directors shall be liable to the Corporation for all damages incurred by it from such refusal or failure, including reasonable attorneys' fees incurred by the Corporation in enforcing such duty.

(f) To borrow money and incur indebtedness for the purposes of the Corporation and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and of securities therefor;

(g) By resolution adopted by a majority of the authorized Directors, to designate an executive committee and other committees and to delegate to the executive committee any of the powers and authority of the Board in the management of the business and affairs of the Corporation, except as set forth in Section 311 of the California Corporations Code. The executive committee shall be composed of two (2) or more Directors.

(h) To adopt, repeal, modify and to enforce all rules and regulations of the Corporation in a manner consistent with the laws of the State of California, the Articles of Incorporation and Bylaws of the Corporation.

(i) To provide for the payment of, and fix the amount of, a transfer fee for the transfer of shares upon the books of the Corporation; provided, however, that such transfer fee shall not exceed Fifty Dollars (\$50.00) for each new certificate issued.

(j) To delegate to any General Manager or other employee or agent of the Corporation the enforcement of the rules and regulations of the Corporation and the determination of all matters of a ministerial nature.

(k) To fix, and from time to time change, the charges or tolls payable for water furnished or other services rendered, and to levy, collect and enforce assessments against the shares of stock of the Corporation. To provide the time when assessments, tolls, or charges shall be due and when delinquent, and for the payment of interest at the maximum legal rate on past due amounts. The Board of Directors shall also have the power to determine what part of the revenue of the Corporation shall be raised by assessment and which part by tolls or rates and what amount or items shall be charged to current operating expenses, including,

but not limited to, repair and maintenance, and what amount shall be charged to permanent additions or capital improvements.

(l) To provide for the imposition and enforcement of a penalties for violation of the rules and regulations of the Corporation, not to exceed, for any one violation, the sum of Fifty Dollars (\$50.00).

(m) To provide for the suspension of water service or water delivery for violation of the rules and regulations of the Corporation including, but not limited to, failure to pay for any charges, tolls or assessments, including interest and penalties, or any other sums due to the Corporation. The Board of Directors shall further have the power to provide the time when, and the conditions under which, water delivery or water service shall be resumed after such suspension.

(n) To provide for, determine, and fix the location and installation of the measuring gates, hydrants, weirs, and meters for turning out or measuring the water to which the respective shareholder may be entitled. No gate, hydrant, weir, or meter shall be installed or changed without the consent and approval of the Board of Directors, and each such gate, hydrant, weir, or meter shall be installed and/or maintained at the expense of the shareholder, subject to the control of the Corporation, and shall be deemed a part of the Corporation's distribution system.

(o) To provide, determine, and fix, at such times and in such manner as the Board of Directors shall determine, and to change, any or all of the following with respect to delivery of water:

(1) The amount of water available for distribution to the shareholders, and the amount apportioned for and to be delivered to each share for any season, year or period of time. In making such determination, the Board of Directors shall take into consideration all factors by them deemed relevant, and their determination in good faith shall be conclusive upon each and every shareholder;

(2) The time when delivery shall begin and end each season or year;

(3) The times during the season when delivery is to be made, the amount delivered at any time, and the minimum and maximum number of shares in respect of which delivery will be made at one place or at one time:

(4) The notice required for and conditions under which delivery is to be made;

(5) That any shareholder not taking the water allotted to his shares at the time provided therefor shall forfeit or lose his right to the delivery of that water.

(p) To provide and determine the place or places where and the points to which the water distributing system, or any other system, service, or appliances of the Corporation shall be located or extended. The holding of shares of the Corporation shall confer no right upon the shareholder to have any pipeline, water conduit, or other appliance of the Corporation enlarged or extended without the consent of the Board of Directors; and the Board of Directors shall at all times be the exclusive judge of the necessity and expediency of constructing, enlarging, changing, and extending the water distribution system or other appliances of the Corporation, and such expediency and necessity shall at all times be determined in the sole discretion of the Board of Directors.

Section 2. Number and Qualifications of Directors

The authorized number of Directors of the Corporation shall be five (5), until changed by amendment of the Articles of Incorporation, or by amendment of this Section 2 of ARTICLE III duly adopted by the vote or written assents of the shareholders entitled to exercise seventy-five percent (75%) of the voting power of the Corporation, except as limited by Section 212 of the California Corporations Code in the event of a reduction in the number of Directors.

Section 3. Election and Term of Office

The Directors shall be elected at each annual meeting of the shareholders but, if any such annual meeting is not held or the Directors are not elected thereat, the Directors may be elected at any special meeting of the shareholders held for that purpose. All Directors shall hold office at the pleasure of the shareholders or until their respective successors are elected. The shareholders, at any time and at either a regular or a special meeting, may remove any Director and elect his or her successor; however, no Director may be removed (unless the entire Board is removed) when the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written consent, if all shares entitled to vote were voted) and the entire number of Directors authorized at the time of the Directors' most recent election were then being elected.

Section 4. Vacancies

(a) Vacancies in the Board of Directors may be filled by the vote of two (2) remaining Directors, though less than a quorum, or by a sole remaining Director, and each Director so elected shall

hold office until his or her successor is elected at an annual or special meeting of the shareholders.

(b) A vacancy or vacancies in the Board of Directors shall be deemed to exist in the event of the death, resignation or removal of any Director, or if the authorized number of Directors be increased, or if the shareholders fail, at any annual or special meeting of shareholders at which any Director or Directors are elected, to elect the full authorized number of Directors to be voted for at that meeting.

(c) If, after the filling of any vacancy by the Directors, the Directors then in office who have been elected by the shareholders shall constitute less than a majority of the Directors then in office, then any holder or holders of an aggregate of twenty percent (20%) or more of the total number of shares at the time outstanding having the right to vote for such Directors may call a special meeting of shareholders to be held to elect the entire Board. The term of office of any Director shall terminate upon such election of a successor. The shareholders may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or the shareholders shall have the power to elect a successor to take office at the time when the resignation is to become effective.

(d) No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

Section 5. Place of Meeting

Regular meetings of the Board of Directors may be held at any place within or without the state which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation, regular meetings shall be held at the principal executive office of the Corporation. Special meetings of the Board may be held either at a place so designated or at the principal executive office. Members of the Board may participate in a meeting through the use of conference telephones or similar communication equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting in such manner shall constitute presence in person at such meeting.

Section 6. Organizational Meeting

Immediately following each annual meeting of shareholders, the Board of Directors shall hold a regular meeting, at the place of said annual meeting or at such other place as shall be fixed by the Board of Directors, for the purpose of organization, election of

officers and the transaction of other business. Notice of such meetings shall not be required.

Section 7. Special Meetings

(a) Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President, any Vice President, the Secretary or any Director.

(b) Written notice of the times and places of special meetings shall be delivered personally to the Directors or sent to each Director by mail or other form of written communication, with charges prepaid, addressed to him or her at his or her address as it is shown upon the records of the Corporation or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. If such notice is mailed, it shall be deposited in the U.S. mail, with postage prepaid, at least four (4) days before the time of holding of the meeting. If such notice is delivered personally, by telephone or by telegraph (in which latter case it shall be delivered to the telegraph company in the place in which the principal executive office of the Corporation is located), it shall be so delivered at least forty-eight (48) hours before the time of holding of the meeting. Such mailing, telegraphing or delivery as above provided shall constitute due, timely, legal and personal notice to such Director.

Section 8. Notice of Adjournment

Notice of the time and place of holding an adjourned meeting shall be given to all absent Directors prior to the time of the adjourned meeting if the meeting is adjourned for more than twenty-four (24) hours.

Section 9. Entry of Notice

Whenever any Director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be sufficient evidence that due notice of such special meeting was given to such Director, as required by law and by the Bylaws of the Corporation.

Section 10. Waiver of Notice

The transactions of any meeting of the Board of Directors, however called and noticed and 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 notice, a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 11. Quorum

A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business. Every act or decision done or made by three (3) 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, unless a greater number be required by law or by the Articles of Incorporation or the Bylaws.

Section 12. Adjournment

A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to meet again at a stated time, place and hour.

Section 13. Action Without Meeting

Any action required or permitted to be taken by the Board of Directors under any provision of law or of these Bylaws may be taken without a meeting if all of the members of the Board, individually or collectively, consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors.

Section 14. Fees and Compensation

Directors shall not receive any stated salary for their services as Directors but, by resolution of the Board, a fixed fee, with or without any expenses of attending, may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity as an officer, agent, employee or otherwise, and receiving compensation therefor.

ARTICLE IV

OFFICERS

Section 1. Officers

The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer/Chief Financial Officer and a General Manager. The Corporation, at the discretion of the Board of Directors, may also have a Chairman of the Board, one (1) or more additional Vice Presidents, one (1) or more Assistant Secretaries, one (1) or more Assistant Treasurers and such other officers as may be appointed by the Board of Directors. One (1) person may hold two (2) or more offices.

Section 2. Elections

The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Sections 1 or 4 of this ARTICLE IV, shall be chosen annually by the Board of Directors, and each shall hold his or her office at the pleasure of the Board of Directors, who, at either a regular or a special meeting, may remove any such officer and appoint his or her successor.

Section 3. Removal and Resignation

(a) Any officer may be removed, either with or without cause, by a majority of the Directors in office at the time at a regular or special meeting of the Board or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors (subject in each case to the right of any officer under any contract of employment).

(b) Any officer may resign at any time by giving written notice to the Board of Directors, or to the President or the Secretary of the Corporation. Any such resignation shall take effect at the time 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.

Section 4. Vacancies

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 5. President

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the general manager and the chief executive officer of the Corporation and, subject to the control of the Board of Directors, shall have general supervision, direction and control of the business and affairs of the Corporation. He or she shall preside at all meetings of the shareholders and, in the absence of the Chairman of the Board or if there be none, at all meetings of the Board of Directors. He or she shall be, ex officio, a member of all the standing committees, including the executive committee, if any, and 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 by the Bylaws.

Section 6. Vice President

In the absence or disability of the President, the Vice Presidents, in order of their rank as fixed by the Board of Directors or, if not ranked, the Vice President designated by the Board of Directors, 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 Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or by the Bylaws.

Section 7. Secretary

(a) The Secretary shall record, or cause to be recorded, and shall keep, at the principal executive office or such other place as the Board of Directors may order, a Book of Minutes of all meetings of Directors and shareholders, with the time and place of holding, whether regular or special and, if special, how authorized, the notice thereof given, the names of those Directors and shareholders present, the names of those present at the Directors' meeting, the number of shares present or represented at shareholders' meetings and the proceedings thereof.

(b) The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Corporation's transfer agent, a share register or a duplicate share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the numbers and dates of certificates issued for the same and the number and date of cancellation of every certificate surrendered for cancellation.

(c) The Secretary shall give, or cause to be given, notice of all meetings of shareholders and of the Board of Directors, as required by the Bylaws or by law to be given, and he or she 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 by the Bylaws.

Section 8. Treasurer

(a) The Treasurer shall be the Chief Financial Officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of all of the properties and the business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and surplus shares. Any surplus, including earned surplus, paid-in surplus and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all times be open for inspection by any Director.

(b) 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 or she shall disburse the funds of the Corporation as may be ordered by the Board of Directors and shall render to the President and Directors, when they request it, an account of all of his or her 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 Bylaws.

Section 9. General Manager

The General Manager shall be at all times subject to the direction of the Board of Directors and, subject to such direction, shall be responsible for the maintenance of all property, the distribution and delivery of water, hiring, firing and supervision of employees of the Corporation, billing and collection of tolls, charges and assessments, and enforcement of the rules and regulations of the Corporation, as promulgated by the Board of Directors.

ARTICLE V

WATER SERVICE

Section 1. Right to Service

(a) As stated in the Articles of Incorporation, the purpose of the Corporation is to furnish, supply and distribute water at cost to and for its shareholders for domestic, irrigation, and all other useful purposes, in proportion to the number of shares of stock held by each shareholder.

(b) No shareholder, by virtue of the ownership of shares of the Corporation, shall be entitled to connect with the distribution system used by the Corporation for delivery of water or to take water therefrom, except with the consent and upon and subject to the rules and regulations of the Corporation pertaining thereto; and the Corporation reserves and shall have full control over all storing, distributing, measuring and diversion of all water, until it shall have been actually released or delivered to the shareholder.

(c) No water shall be supplied by the Corporation to anyone who is not a shareholder and all water shall be supplied at cost. Subject to the Bylaws and all other rules and regulations of the Corporation, as determined by the Board of Directors of the Corporation, each shareholder shall be entitled to receive such part of the entire water supply available to the Corporation for distribution as the number of shares of stock held by him or her bears to the total number of outstanding shares of the Corporation.

Section 2. Service

(a) In the sole discretion of the Board of Directors, meters may be required or installed for service as to one or more of the shareholders. Tolls or charges may be different for different shareholders where the costs to the Corporation for provision of service are not uniform.

(b) Water shall be delivered to each shareholder from the Corporation's mains at the Corporation's measuring gates, hydrants, weirs, or meters and the Corporation shall have a permanent and continuing easement and right-of-way upon and over the premises of each shareholder for the purpose of operating and maintaining its water distribution system, for connecting its system to the lines of each shareholder, and for providing its service to each shareholder. The Corporation shall not be under any duty to extend its mains or to provide for the distribution of water within the boundaries of shareholder's property beyond the point of delivery, which shall be established at such measuring gate, hydrant, weir or meter. The location of the point of delivery upon each shareholder's property shall be left to the sole discretion of the Corporation, acting either through its Board of Directors or through its General Manager.

Section 3. Service Area

The "service area" of the Corporation shall be defined as that certain real property located near the City of Camarillo in Ventura County, California, more particular described as being a portion of "Rancho Las Posas", described in the records of the County Recorder of Ventura County as Tracts 45 and 46, the West 150.64 acres of Tract 49, and Tracts 50 and 51, as per map entitled "Map of the Rancho Los Posas, Ventura Co., California, the property of the Las Posas Land & Water Co., as resurveyed and subdivided in 1888 by John T. Stow, County Surveyor", and recorded in Book 3, Page 22 of Maps. Those portions of land with respect to which the Corporation may own the appurtenant water rights shall constitute the Corporation's "qualified service area". No water shall, in any event, be furnished by the Corporation from this water system to be used on any lands not within the service area; nor shall it deliver any water on any lands lying outside its qualified service area, except and to the extent that the Board of Directors may from time to time, by means of special permits, authorize water deliveries upon a temporary or seasonal basis to and for a shareholder for use on lands outside the qualified service area but within the service area, provided that any deliveries so authorized do not exceed the amount of water to which the user would otherwise be entitled, and provided further that such temporary or seasonal permit shall be construed to be nothing more than licensing water in accordance with the term of such permits and shall not confer in any respect to such land or such user, his successor or assigns, any right whatsoever to water service or to require or demand that such service be continued, renewed, or restored. No shareholder,

person, association, partnership or corporation shall under any circumstances conduct or take any water supplied by the Corporation for use upon any lands or property lying outside of the service area; nor for use upon any lands outside of the qualified service area, except upon a temporary or seasonal basis, subject to the approval of the Board of Directors.

Section 4. Right to Withhold Service

The Corporation may withhold delivery of water service to a shareholder because of violation or threat of violation of the provisions of section 3 above.

ARTICLE VI

CERTIFICATES AND TRANSFERS OF SHARES

Section 1. Certificates of Stock

A certificate or certificates for shares of the capital stock of the Corporation shall be issued to each shareholder. All such certificates shall be signed by the President or a Vice President and by the Treasurer or the Secretary.

Section 2. Charges and Liens on Shares

(a) Each charge or toll for water delivered to a shareholder or any other assessment imposed by the Corporation pursuant to the Bylaws or the rules and regulations of the Corporation shall be a lien against the shares held by such shareholder from the time when water is furnished, or the assessment is made, until paid. Such liens may be foreclosed in a manner which is, at the time of foreclosure, permitted by law of the State of California for foreclosures. Notice of the time and place appointed for the sale of any shares shall be mailed to the shareholder at the address of such shareholder as it appears on the books of the Corporation and, if no address so appears, then mailed to the shareholder at the principal executive office of the Corporation. No other demand for payment or other Notice of Sale to the shareholder or to any person appearing by the records of the Corporation to have any interest in the shares shall be given, other than as provided above. Purchaser(s) of the shares shall be limited to those person(s) owning or acquiring the real property to which the shares are appurtenant or, in lieu thereof, the Corporation may acquire and hold such shares for subsequent purchaser(s) of the real property to which the shares are appurtenant.

(b) Any person purchasing said foreclosed shares at the foreclosure sale or thereafter from the Corporation shall be entitled to water service at such time as all interest and

penalties relating to said shares have been satisfied and paid in full.

Section 3. Transfer

(a) Upon a shareholder's sale of any acreage within the service area of the Corporation, the share(s) representing said acreage shall be transferred and new certificate(s) issued to the new property owner.

(b) No transfer of the share(s) of the Corporation can or will be made on the books of the Corporation while any assessment, charge or toll against those shares or against the shareholder seeking such transfer remains unpaid.

Section 4. Record Holder and Registered Pledgee

The person to whom a share certificate is issued shall be dominated thereon as the "record holder". A voluntary encumbrance of any of the shares represented by a certificate is herein called a "pledge" and the person in whose name a pledge of shares may be registered shall be known as the "registered pledgee". Each certificate shall be issued and held upon and subject to all the conditions and provisions contained herein, all of which shall be binding upon the record holder or registered pledgee, if any, and any transferee or person claiming any interest in the shares.

Section 5. Registration of Pledge

Upon satisfactory evidence of a pledge, the Corporation shall note the transaction on its books, and/or on the share certificate. One or more pledges may be so registered, their priority being indicated by the expression "first pledgee", "second pledgee", and so forth.

Section 6. Effect of Registration of Pledge

When any pledge has been so registered, the shares shall be held, and rights in respect thereof exercised, and the pledge released or transferred, upon and subject to the provision, and in the manner and with the effect, as follows:

(a) The record holder shall be deemed a shareholder of the Corporation, and as such shall represent the shares and exercise all rights, vote, consent, and assent in respect thereof, and shall be entitled to receive the water allocated to each such share.

(b) The rights and interest of the record holder and of the new successor and the title to such shares may be transferred upon the books of the Corporation and a new certificate issued, subject to the pledge, without the act, consent or endorsement of the pledgee.

(c) When a pledge has been so registered, and the address of the pledgee appears on the books or records of the Corporation, the Corporation will not sell or forfeit the pledged shares for nonpayment of an assessment unless, at least ten (10) days prior to such sale or forfeiture, there is mailed to such pledgee, at the address of the pledgee, or in lieu thereof, personally delivered to the pledgee, a copy of the notice of assessment, or in lieu of such copy, a notice stating the fact of the assessment and the time and place for the sale or forfeiture of delinquent shares.

(d) The pledgee shall not be personally liable for the payment of tolls, charges or assessments on the shares, unless payment has been assumed or guaranteed by the pledgee, or service rendered upon or to the order of the pledgee.

(e) The interest and the rights of the pledgee, as such, may be transferred on the records of the Corporation, the old certificate cancelled and a new certificate issued showing the pledgee, or a pledge may be released without the act, consent or endorsement of the record holder or anyone appearing to be the owner of said shares.

Section 7. Recordholder Liable for Tolls, Charges, Etc.

The recordholder of shares of the Corporation shall be entitled to delivery of all water apportioned to such shares, subject to suspension or discontinuance as provided in these Bylaws, and shall be personally liable for all tolls, charges, interest, costs and penalties imposed or accruing against the shares during the time the shares are registered in the name of such recordholder in the books and records of the Corporation.

Section 8. Penalties, Interest and Collection Costs

Each shareholder shall be liable for payment of and shall pay to the Corporation, upon demand, all expenses incurred by the Corporation in collecting and enforcing payment from that shareholder from any delinquent charge, toll, assessment or other indebtedness. Included in such expenses are attorney fees and the costs to the Corporation of any action or proceeding for the enforcement of any lien provided for in the Bylaws, or the collection of such indebtedness, whether by Court action or otherwise, and all expenses of any sale. All penalties and interest on overdue charges, tolls, assessments or other indebtedness and expenses of collection shall be added to the principal debt and shall become and be a lien upon and against the shares being secured by them and foreclosed in the same manner and with the same effect as the principal sum owed.

Wherever used in the Bylaws or in the share certificates, the term assessment, charge or toll shall be used, and such terms shall be deemed to include, whenever such construction is possible or permissible, all penalties, interest and collection expenses pertaining to such charge, toll or assessment, and attaching, accruing or resulting from the nonpayment thereof when due.

Section 9. Shares are Appurtenant to Land

Each acre of the service area shall be represented by appurtenant to the land held by the shareholder.

ARTICLE VII

INDEMNIFICATION

Section 1. Agents

For the purpose of this Article, an Agent of the Corporation shall include any person who is or was a Director or officer of the Corporation.

Section 2. Proceeding

For the purpose of this Article, "proceeding" shall mean any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative.

Section 3. Expenses

For the purposes of this Article, "expenses" shall include, but not be limited to, attorneys' fees and other costs. They shall also include any expenses of establishing a right to indemnification under subsection 4(a) of this Article or in which that right is established by approval of the shareholders pursuant to subsection 4(d) of this Article.

Section 4. Indemnity

(a) To the extent that an Agent of the Corporation has been successful on the merits and defense of any proceeding brought against him or her, by reason of the fact that such a person is or was an Agent of the Corporation, such Agent shall be indemnified against expenses actually and reasonably incurred by him or her in connection therewith.

(b) In the event that an Agent of the Corporation was or is a party or is threatened to be made a party to any proceeding, which is not brought by or in the right of the Corporation, by reason of the fact that such person is or was an Agent of the Corporation, and that proceeding terminates in a settlement, judgment against the Agent, or any other manner not constituting a

success on the merits in favor of the Agent, the Corporation shall indemnify that Agent against expenses, judgments, fines and other amounts actually and reasonably incurred in connection with the proceeding. Provided, however, that indemnification shall only be made if the Agent to be indemnified acted in good faith and in a manner which he or she reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

(c) In the event that an Agent of the Corporation was or is a party or is threatened to be made a party to any proceeding by or in the right of the Corporation, to procure a judgment in its favor, by reason of the fact that such person is or was an Agent of the Corporation, and that proceeding terminates in a settlement, judgment against the Agent, or any other manner not constituting a success on the merits in favor of the Agent, the Corporation shall indemnify that Agent against expenses actually and reasonably incurred in connection with the defense or settlement of that action. Indemnification shall be provided under this subsection only if the Agent acted in good faith and in a manner which he or she believed to be in the best interests of the Corporation and its shareholders.

No indemnification shall be made under this subsection in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of his or her duty to the Corporation and its shareholders, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall so determine. Likewise, no indemnification shall be made under this subsection for amounts paid in settling or otherwise disposing of a pending action without court approval, or for expenses incurred in defending a pending action which is settled or otherwise disposed of without court approval.

(d) Any indemnification provided pursuant to subsections (b) or (c) of this Section shall be made only after a determination that the Agent has met the applicable standard of care, as set forth in those subsections. This determination may be made by any of the following: (i) a majority vote of a quorum consisting of Directors who are not parties to the proceeding; (ii) if such a quorum of Directors is not obtainable, by independent legal counsel in a written opinion; or (iii) approval of the shareholders with the shares owned by the person to be indemnified not being entitled to vote thereon.

In the event that the Corporation denies indemnification, an application may be made by the Corporation, the Agent or the attorney or other person rendering services in connection with the

defense, to the court in which such proceeding is or was pending, and that court may order indemnification whether or not such application is opposed by the Corporation.

(e) The personal liability of Directors for monetary damages in an action brought by or in the right of the Corporation for breach of a Director's duties to the Corporation and its shareholders shall be governed by Corporations Code Section 204(a)(10).

(f) Expenses incurred in defending any proceeding shall be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the Agent to repay such amount if it shall be determined ultimately that the Agent is not entitled to be indemnified. The Agent's obligation to reimburse the Corporation for expenses advances shall be unsecured and no interest shall be charged thereon.

(g) It is the intent of the Corporation in adopting the indemnity provisions of this Article to provide for the indemnification of the Corporation's Agents to the maximum extent currently allowed by law. In the event that the law becomes more restrictive, it is the intent of the Corporation that it will not apply, but in the event that it becomes less restrictive, it is the intent of the Corporation that it shall apply.

Section 5. Provisions Nonexclusive

The right to indemnification provided by this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, agreement, vote of shareholders or disinterested Directors or otherwise.

Section 6. Survival of Rights

The rights provided by this Article shall continue as to a person who has ceased to be an Agent of the Corporation and shall inure to the benefit of heirs, devisees, executors, administrators or other legal representatives of such person.

Section 7. Insurance

The Board of Directors of the Corporation is authorized to purchase and maintain insurance on behalf of any Agent of the Corporation against any liability asserted against or incurred by such 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 such liability under the provisions of this Article.

ARTICLE VIII

MISCELLANEOUS

Section 1. Record Date and Closing Stock Books

The Board of Directors may fix a time in the future, not more than thirty (30) nor less than ten (10) days before the date of any meeting of shareholders, and not more than thirty (30) nor less than ten (10) days before the date fixed for the payment of any dividend or distribution, for the allotment of rights, or when any change or conversion or exchange of shares is to go into effect, as a record date for the determination of the shareholders entitled to notice of and to vote at any such meeting, or entitled to receive any such dividend or distribution or any such allotment of rights, or to exercise any rights in respect of any other lawful action. In such case, only shareholders of record on any date so fixed shall be entitled to notice of and to vote at such meeting, or to receive the dividend, distribution or allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid. If the meeting of shareholders is adjourned, the Board may fix a new record date for the adjourned meeting, and the Board shall be required to fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date set for the original meeting.

Section 2. Inspection of Corporate Records

The record of shareholders which contains the record of shareholders' names, addresses and shareholdings shall be open to inspection and copying by any shareholder or holder of a voting trust certificate at any time during the usual business hours of the Corporation, upon written demand on the Corporation, for any purpose reasonably related to such shareholder's interests as a shareholder or holder of a voting trust certificate. Without regard to such purposes, a shareholder or shareholders holding in the aggregate at least five percent (5%) of the outstanding voting shares shall have an absolute right to do either or both of the following: (1) inspect and copy the record of shareholders' names, addresses and shareholdings during usual business hours, upon five (5) business days' prior written demand upon the Corporation; or (2) obtain from the transfer agent for the Corporation, upon written demand together with the tender of its usual charges for such a list, a list of the names and addresses of the shareholders who are entitled to vote for the election of Directors, and their shareholdings as of the most recent record date for which it has been compiled, as of a date specified by the shareholder subsequent to the date of demand, or as more specifically set forth in Section 1600 of the California Corporations Code. The accounting books and records and the minutes of proceedings of the shareholders, the Board and committees of the Board shall be open to inspection, upon the written demand on the Corporation of any shareholder or holder

of a voting trust certificate, at any reasonable time during usual business hours, for any purpose reasonably related to such holder's interests as a shareholder or as the holder of such voting trust certificate. Any inspection pursuant to this Section may be made in person or by agent or attorney, and the right of inspection shall include the right to copy and make extracts.

Section 3. Checks, Drafts, Etc.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Corporation shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Annual Report

The Board of Directors of the Corporation shall cause to be sent to the shareholders, not later than one hundred twenty (120) days after the close of the fiscal year, an annual report in compliance with the provisions of Section 1501(a) of the California Corporations Code.

Section 5. Execution of Contracts and Other Instruments

The Board of Directors, except as the Bylaws or Articles of Incorporation otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or may be confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or agreement or to pledge its credit to render it liable for any purpose or in any amount.

Section 6. Certificates of Stock

A certificate or certificates for shares of capital stock of the Corporation shall be issued to each shareholder. All such certificates shall be signed by the President or a Vice President and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary.

Section 7. Representation of Shares of Other Corporations

The President or any Vice President and the Secretary or any Assistant Secretary of this Corporation are authorized to vote and to represent and exercise on behalf of this Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this Corporation. The authority herein granted to said officers, to vote and to represent on behalf of this Corporation any and all shares held by this Corporation in any other corporation or corporations, may be

exercised either by any such officer in person or by any person authorized to do so by proxy or power of attorney duly executed by said officer.

Section 8. Inspection of Bylaws

The Corporation shall keep, at its principal executive office for the transaction of business, the original or a copy of the Bylaws, as amended or otherwise altered to the current date, which shall be open to inspection by the shareholders at all reasonable times during business hours.

ARTICLE IX

AMENDMENTS

New Bylaws may be adopted or these Bylaws may be amended or repealed only by a majority vote or written consent of shareholders of the Corporation.

ARTICLE X

SEAL

The Corporation shall have a common seal, and shall have inscribed thereon the name of the Corporation, the date of its incorporation and the word "California".

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the presently elected and acting Secretary of CRESTVIEW MUTUAL WATER CO., a California corporation, and that the foregoing Bylaws, consisting of eighteen (18) pages are the Bylaws of the Corporation as adopted at a meeting of the Board of Directors held on March 10, 1992.

IN WITNESS WHEREOF, I have hereunto subscribed my name and have affixed the seal of said Corporation on March ____, 1992.

SECRETARY