

ARTICLES OF INCORPORATION

HUNTINGTON PALISADES PROPERTY OWNERS CORPORATION LTD.

Articles of Incorporation

and By-Laws

of

HUNTINGTON PALISADES PROPERTY
OWNERS CORPORATION LTD.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, a majority of whom are citizens and residents of the State of California, have this day voluntarily associated ourselves together for the purpose of forming a non-profit co-operative corporation, under the provisions of Title XXII of Part IV of Division First of the Civil Code, State of California, approved March 21, 1872, as hereafter amended, and we hereby certify:

The name of the corporation shall be "HUNTINGTON PALISADES PROPERTY OWNERS CORPORATION LTD."

II.

The purposes for which this corporation is formed are:

- (1) To enforce all restrictions, covenants and conditions applicable to, and to maintain, preserve and improve, that certain place and section generally known as Huntington Palisades, which includes all the following described tracts and parcels of land and real property situate in the County of Los Angeles and State of California, to-wit: Tract numbered nine thousand three hundred seventy-seven (Tract No. 9377) as per map of said Tract recorded in Map Book 129, pages 3 to 7 inclusive, in the office of the County Recorder of Los Angeles County, California; Tract numbered six thousand seven hundred fifty-three (Tract No. 6753) as per map of said Tract recorded in Map Book 143, pages 25 to 28 inclusive, in the office of the County Recorder of Los Angeles County, California; all of the land and real property conveyed by Archer Milton Huntington and Henry E. Huntington, Executors of the Estate of Arabella D. Huntington, deceased, to Pacific Palisades Association by deed dated March 3, 1926 and recorded on May 5, 1926.

IMPORTANT
Keep this with
your Deed and
other papers
covering your
property.

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PACIFIC PALISADES, CALIFORNIA

in Book 4553, page 290 of Official Records in the office of the County Recorder of Los Angeles County, California; also any other tract, block, lot or parcel which may hereafter be added to the foregoing specifically described tracts and brought within the care and control of this corporation by amendment of these Articles.

The term "HUNTINGTON PALISADES", as hereinafter used, means the whole of said real property.

Among the restrictions, covenants and conditions, which it is the purpose of this corporation to enforce there is particularly included all of the covenants, conditions, restrictions and reservations set forth in a certain deed from California Trust Company to Percy W. Rairden, dated August 12, 1926 and recorded on August 18, 1926 in Book 6070, at page 86, of Official Records in the office of the County Recorder of Los Angeles County, California; also all of the covenants, conditions, restrictions and reservations set forth in a certain deed from California Trust Company to S. L. Baxter and Frances Baxter dated November 15, 1927 and recorded November 18, 1927 in Book 7010, at page 254, of Official Records in the office of the County Recorder of Los Angeles County, California, but modified as to one lot by a certain agreement dated June 12, 1928 and recorded in Book 7209, at page 22, of Official Records aforesaid; also all other restrictions, covenants and conditions, and modifications thereof, wherever the same may be found, which apply to or affect the above described real property (Huntington Palisades) and improvements thereon or any part thereof.

(2) To keep and maintain said Huntington Palisades, and the whole thereof, in a clean and sanitary condition, including the removal of weeds and rubbish from vacant property and streets, so far and to such extent as this corporation may lawfully act to accomplish such purposes.

(3) To create and maintain an Architectural Committee composed of not less than three architects who shall be appointed, and at pleasure removed, by the Board of Directors of this corporation. Said Architectural Committee, or a majority thereof, shall have full power and sole authority to approve or

reject the plans and specifications for each and every building and structure, as to outward appearance and design, hereafter erected or attempted to be erected in or upon the said Huntington Palisades or any part thereof; together with full power to enjoin, restrain or otherwise act to prevent, in the name of this corporation, the erection, construction or placing of any building in or upon said Huntington Palisades contrary to, or not in conformity with, plans and specifications so approved, and otherwise to do every act and thing which the California Trust Company and/or the original owning platters and subdividers of said Huntington Palisades might or could do in the premises if this corporation did not exist.

(4) To acquire, retain and hold all the reversionary interests and title and rights of the California Trust Company and of the original owning platters and subdividers of said Huntington Palisades, and of any and every other predecessor in title to said real property or any part thereof, whether by or in virtue whereof any restriction, covenant, condition or reservation in any way appurtenant to or affecting said real property and improvements thereon or any part thereof may be enforced or otherwise made effective; or whereby or in virtue whereof any forfeiture of title for breach of any such restriction, covenant, condition or reservation may be had or procured; or whereby or in virtue whereof any public or community improvements, parks, playgrounds or other facilities for betterment and enjoyment of said Huntington Palisades, or any part thereof, may be acquired, owned, leased, possessed, operated and/or maintained as contemplated by any and every plan, design and agreement of said California Trust Company and said original platters and subdividers which is or hereafter may become binding upon any of them or their successors in title to said Huntington Palisades or any part thereof.

(5) To lease for a term of ninety-nine (99) years, for park and playground purposes exclusively, from California Trust Company (a California corporation) or from its successors in title, the following described real property, at an annual rental of Ten Dollars (\$10.00) per year, to-wit:

"Lot Eight (8), Block One (1), in Tract 9377 aforesaid, and that portion of the ocean beach bounded on the north by the southerly line of the California State Highway, on the south by the mean high tide of the Pacific Ocean, on the east by a line which is parallel with and fifty (50) feet aforesaid Tract 9377, and on the west by a line which is parallel with and fifty (50) feet westerly, measured at right angles, from the southerly prolongation of the easterly line of Lot Eight (8), in Block One (1), of aforesaid Tract 9377, and on the west by a line which is parallel with and fifty (50) feet westerly, measured at right angles, from the southerly line of Lot Eight (8), in Block One (1), in Tract 9377 aforesaid."

To maintain, preserve, improve, and care for said park and playground property for the benefit of the members of this corporation as property owners in said Huntington Palisades, is and shall be one of the purposes and duties of this corporation throughout the life thereof.

(6) To enter upon and inspect, at reasonable intervals and within reasonable hours, all real property within the limits of said Huntington Palisades and subject to any covenants, restrictions, reservations or conditions for the general benefit of any tract or subdivision thereof, so far and to such extent as may be reasonably necessary or convenient in determining whether any violation or breach of any such covenant, restriction, reservation or condition has occurred or exists or is threatened or about to occur. Such entry or inspection may be made by any Director or authorized representative of this corporation.

(7) To acquire, own, hold, lease, sell, convey, mortgage, pledge, or otherwise deal with real and/or personal property only to the extent necessary, proper and convenient in carrying out the purposes of this corporation without profit except as permitted by law to non-profit cooperative corporations of this class and kind.

(8) To exercise such powers of control, interpretation, construction, consent, decision, determination,

tion, modification, amendment, cancellation, annulment, and/or enforcement of covenants, reservations, restrictions, liens, and charges imposed upon the real property within said Huntington Palisades and within the jurisdiction of this corporation as may be vested in, delegated to, or assigned to this corporation, in conformity with the terms and conditions under which real property was subdivided, sold or to be sold, and conveyed or to be conveyed, with the ultimate creation and organization of this corporation then contemplated for the purposes aforesaid.

(9) To assess against and collect from the members of this corporation, who are property owners in said Huntington Palisades, from time to time as may be deemed necessary, such amounts of money as are required to defray all the expenses of this corporation and pay all its debts and obligations lawfully assumed in performing and carrying out all of the foregoing purposes, powers and duties of this corporation, and in the doing of all things incidental thereto and reasonably necessary, or convenient in connection therewith. Provided however, that all such assessments shall be computed according to the number of square feet of land owned by the members subject to such assessments; shall be equal in amount upon each square foot; and shall not exceed in any one year five (5) mills, or one-half cent, for each square foot of land within said Huntington Palisades; nor shall any member of this corporation be compelled to pay in any one year more than such five (5) mill assessment computed upon the lot or parcel, or lots or parcels, of land owned by him in said Huntington Palisades.

(10) To do any and all things incidental to, or necessary or convenient in connection with, the foregoing purposes of this corporation or its powers and duties; and to have and possess all the rights, powers and privileges conferred by law upon corporations of this kind and class.

III.

The principal place of business of this corporation shall be in the City of Los Angeles, State of California.

IV.

The term for which this corporation is to exist is the maximum term allowed by law.

V.

The number of directors of this corporation shall be five (5) and the names and places of residence of the directors who are appointed for the first year, and to serve until the election or qualification of their successors, are as follows:

Name	Residing at
Louis Evans	Santa Monica, California
Percy W. Rairden	Santa Monica, California
Leonard A. Hardie	Los Angeles, California
Hugo Ballin	Pacific Palisades, California
Maude B. Kegley	Santa Monica, California

The voting power and property rights and interests of the members shall be unequal and shall be determined and fixed as follows:

There shall be one vote for each building lot as originally platted and shown upon the official and recorded Maps of the subdivisions, respectively, constituting said Huntington Palisades; and the use or consolidation of two or more of such lots as one building site or for any other permissible purpose shall not prevent the owner from having as many votes and as great an interest in the property of the corporation as the owners of all the lots in such consolidated building site would have had if no such consolidation had been made. Provided however, that the addition of a fractional part of any such lot to any other lot shall not add to the voting power thereof unless the whole of the voting power of the lot from which such fractional part is taken be transferred therewith either in a deed or a separate writing duly recorded with actual notice thereof in writing served upon the President of this corporation.

No person shall be or become a member of this corporation except the record legal owner of one or more of such lots. But any such legal owner may transfer his voting rights, for the time being,

to any person who has entered into a contract to purchase from such legal owner the lot or lots to which such voting rights appertain; such transfer to be effective only from the date of written notice served by the owner upon the President or Secretary of this corporation in person.

Each member of this corporation shall have the right to cast as many votes at any meeting of the members of this corporation as the number of building lots to which, as shown by the records of this corporation, he holds the record legal title; provided, however, that no person or corporation holding title as security for the payment of money or performance of other obligations shall have the right to vote by reason thereof; and provided, further, that when the legal title to a building lot is vested of record in two or more persons in joint tenancy or otherwise, the several record owners of said building lot shall be collectively entitled to only one vote, which vote may be cast in the manner provided by the By-Laws of this corporation.

ARTICLE VII

(a) The property of this corporation is irrevocably dedicated to charitable and social welfare purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or member thereof or to the benefit of any private persons.

(b) On the dissolution or winding up of this corporation, its assets remaining after the payment of, or provision for the payment of, all debts and liabilities of this corporation shall be distributed to The City of Hope, a non-profit California corporation, and a medical center, if it is then in existence and exempt under Section 501 (c) (3) of the Internal Revenue Code but if not in existence or exempt to another organization which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501 (c) (3) of the Internal Revenue Code.

BY-LAWS

of

HUNTINGTON PALISADES PROPERTY OWNERS CORPORATION LTD.

ARTICLE I.

(c) If this corporation holds any assets on trust, or the corporation is formed for charitable purposes, such assets shall be disposed of in such manner as may be directed by decree of the Superior Court of Los Angeles County, or petition therefor by the Attorney General or by any person concerned in the liquidation, in a proceeding to which the Attorney General is a party.

(d) No substantial part of the activities of this corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall this corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

(e) That the members of said corporation have unequal voting power. That members entitled to cast 343 votes adopted said amendments and new Articles by resolution at a meeting held at Pacific Palisades, California, on February 7, 1978. And that the wording of the amended and new Article, as set forth in the members' resolutions, is the same as that set forth in the directors' resolution in paragraph 2 above.

(f) That the number of members who voted affirmatively for the adoption of said resolutions is 343; and that the number of members constituting a quorum is 251; and that the total number of votes entitled to be voted for said resolutions is 501.

Section 1. A building site shall be taken to be a lot in Huntington Palisades as defined in the Articles of Incorporation of this corporation.

The members of this corporation shall be all persons (whether natural persons or corporations or other associations of natural persons in group form) who hold legal title of record to any such lot. Such holding of legal title shall be the sole qualification for membership in this corporation.

All persons so qualified shall become members of this corporation and remain such as long as they are so qualified. Provided, however, that no person holding title as security for the payment of money or performance of other obligations shall thereby become entitled to membership.

The acceptance and recording by any person of a deed conveying to him any such lot shall ipso facto constitute such person a member of this corporation; and such person shall be a member as long as he holds the record legal title to such lot.

The secretary of the corporation may issue a membership certificate to each of such persons; and such certificate shall be prima facie evidence of the facts therein stated.

Each such certificate shall identify therein a lot owned of record by the holder of such certificate; and if there be more than one such lot said certificate shall identify all of them, or a separate certificate for each such lot shall be issued, as the Board of Directors may prefer. If any single lot is owned by two or more persons (in joint tenancy or otherwise) a membership certificate shall be issued to such persons jointly; but, at the discretion of the secretary or the Board of Directors, the facts may be shown in each such certificate so that the voting

power thereof in the affairs of this corporation may be readily determined from an inspection thereof and may be limited as provided in the Articles of Incorporation.

Section 2. Whenever any member of this corporation parts with his record title to a lot as hereinbefore defined, or because of death or from other cause ceases to be the record owner of any lot in said Huntington Palisades, he shall ipso facto cease to be a member of this corporation; and the person succeeding to and acquiring his title shall ipso facto become a member of this corporation; so that the record legal title to lots in said Huntington Palisades and the membership in this corporation shall always be vested in the same identical persons. Provided, however, that any administrator or executor of a deceased owner, or guardian of a minor or incompetent owner, having legal right to the possession of any such lot and of the certificate of membership in this corporation appurtenant thereto, shall have the voting rights thereof as long as his right of possession continues.

Section 3. No membership fee shall be charged; but the Board of Directors may declare assessments from time to time against the members, not exceeding in the aggregate for any one year five (5) mills for each square foot of land in the lot or lots owned by the members. Such assessments so made shall constitute and be debts immediately owing by the members, respectively, to this corporation; and in the event of non-payment thereof the same may be collected by action of this corporation in the same manner as any other debt is collectible under the law of the land now or hereinafter in force.

Section 4. Prior to the dissolution of this corporation each member thereof shall have such proportional and undivided interest in all the property owned by this corporation as the ratio of the number of votes to which said member is entitled bears to the total number of votes to which all members of this corporation are entitled; and the transfer of any membership in this corporation during the life thereof shall carry with it such interest in the property of this corporation. No member of this corporation shall have any right of distribution or

possession or use of any of the real or personal property of this corporation, except those persons who are members at the time of the dissolution thereof; and their rights shall be determined by the Articles of Incorporation and the law of the land then in force.

ARTICLE II.

Section 1. At all corporate meetings the voting power of the members of this corporation shall be unequal to the extent and in the manner provided in the Articles of Incorporation; but shall otherwise be equal.

ARTICLE III.

Section 1. The corporate powers of this corporation, except as otherwise provided herein, shall be vested in a Board of five (5) Directors who shall be members of this corporation, and three (3) of such directors shall constitute a quorum for the transaction of business, but a smaller number may adjourn from time to time.

ARTICLE IV.

Section 1. The Directors shall be elected by secret ballot at the annual meeting of the members, the first of which annual meetings shall occur on the second Tuesday in January of the year 1931, at which meeting one Director shall be elected for a period of one year, two for a period of two years and two for a period of three years, all to serve until their successors are elected or appointed and shall have qualified. Their successors shall be elected (except in case of appointment as hereinafter provided) for a term of three (3) years each. The Board of Directors shall be the judge of the election and qualification of its own members; but any member of the Board of Directors who shall be convicted of a crime involving moral turpitude while in office shall thereby forfeit his directorship.

Section 2. Vacancies in the Board of Directors shall be filled by the remaining directors when assembled as a Board and such appointees shall hold office until the next annual meeting of the members thereafter, at which time an election for the unexpired portion of the term shall be held.

Section 3. The Directors shall have power:

(a) To call special meetings of the members whenever they deem it necessary; and they shall call a meeting at any time upon the written request of members holding the legal title of record of 20% in number of all lots in Huntington Palisades.

(b) To select from their own number a president and vice-president; also to appoint and remove at their pleasure a secretary, a treasurer, the Architectural Committee described in the Articles of Incorporation or any member of such committee, a manager, and such other officers and employees as they may deem proper for carrying out the purposes of this corporation; and, subject to the further provisions hereof, to prescribe the duties of all such officers and employees, fix their compensation and require from them security for faithful service.

(c) Except as otherwise herein provided, to conduct, manage and control the affairs and business of this corporation and to make regulations and rules not inconsistent with the laws of the State of California, or of the Articles or By-Laws of this corporation, for the guidance of its officers and employees and for the general management of the corporation.

(d) To determine its own rules of procedure, punish directors for misconduct, and compel their attendance at meetings of the Board.

(e) To make all needful rules and regulations for the conduct of elections, for the prevention of fraud therein, and for the recount of the ballots in case of doubt or fraud.

Section 4. It shall be the duty of the Directors:

(a) To cause to be kept a complete record of all their minutes and acts, and of

the proceedings of the members, and present a full statement at the regular annual meeting of the members, showing in detail the assets and liabilities of the corporation, and generally the condition of its affairs. A similar statement shall be presented at any other meeting of the members when required by persons holding of record the legal title to at least one-half of the said lots.

(b) Except as otherwise provided herein, to supervise all officers and see that their duties are properly performed, and cause certificates of membership to be issued to the members of the corporation.

(c) To hold, after due notice, such public hearings as may be necessary or advisable for the modification or amendment of any restrictions, conditions, covenants, or reservations applicable to any property subject to the jurisdiction of this corporation.

(d) As far as reasonably practical, to cause and/or assist the Architectural Committee in, the enforcement by this corporation of all covenants, conditions, restrictions and reservations applicable to all and every part of Huntington Palisades; and to prevent the breach or violation thereof; and to do and perform all other acts and things contemplated in said covenants, conditions, restrictions and reservations.

Article V.

Section 1. The annual meeting of the members shall be held in the City of Los Angeles, County of Los Angeles, State of California, on the first Tuesday in February of each year, and shall be called by a notice in writing mailed to each member at his last known place of residence or business, or directed to each member at Los Angeles; such notice to be deposited in the United States post-office at Los Angeles at least ten days preceding the date of meeting, and postage thereon must be prepaid.

Notice specified in this Article for the members need be given only to members appearing at such on the books of the corporation.

Special meetings of the members shall be called in like manner after five days' notice.

No meeting of members shall be competent to transact business unless the record holders of legal title to a majority of all the lots in Huntington Palisades be represented; but a lesser number may adjourn from day to day or until such time as they deem proper.

At such annual meeting of the members, Directors for the ensuing year shall be elected by secret ballot, to serve as herein provided and until their successors are elected. If, however, for want of a quorum or other cause, a members' meeting shall not be held on the day above named, or should the members fail to complete their elections, or such other business as may be presented for their consideration, those present may adjourn from day to day or time to time until the same shall be accomplished.

Section 2. Regular meetings of the Directors shall be held, without notice other than this provision of these By-Laws, at the same place and on the same day and immediately following adjournment of the annual meeting of members, if such adjournment occurs before 4 o'clock P.M.; and if after that hour, then the regular annual meeting of directors shall convene at 10 o'clock A.M. of the next succeeding business day. But the Board of Directors may change, by regulation, the day of holding their regular annual meeting. The President or any two of the Directors may call special meetings of the Directors at any time, and notice shall be given of such called meeting by depositing in the United States Post Office at Los Angeles, California, a written or printed notice thereof, with the postage thereon prepaid, addressed to each Director at the last address left with the Secretary, at least four days before time of meeting, or by serving personally such notice on each Director one day before such meeting. Such service of notice shall be entered on the minutes of the cor-

poration, and the said minutes upon being read and approved at a subsequent meeting of the Board shall be conclusive upon the question of service.

All meetings of Directors and sessions of their committees shall be open to members.

ARTICLE VI.

The Board of Directors shall act only by the adoption of a regulation or a resolution or a motion which shall be spread upon the minutes of the meeting and preserved in the records of the corporation; and each resolution or motion shall be confined to one subject whenever practicable. The regulations making appropriations shall be confined to the subject of appropriations. No regulation shall be passed until it has been read on two separate days or the requirement of reading on two separate days has been dispensed with by an affirmative vote of four Directors. The final reading shall be in full, unless the regulation shall have been typed or printed and a copy thereof furnished to each member prior to such reading. The ayes and noes shall be taken upon the passage of all regulations or resolutions and entered upon the journal of the proceedings of the Board of Directors; and every regulation or resolution shall require on final passage the affirmative vote of three Directors; or of three-fifths of all the Directors if, and whenever there shall be more than five Directors in all. No Director shall be excused from voting except on matters involving the consideration of his own official conduct, or when his financial interests are adverse to this corporation. Provisions may be made for the printing and publication in full of every regulation.

ARTICLE VII.

Section 1. The Board of Directors or any Director may be removed from office for cause, or as otherwise permitted by law, at any regular or special meeting of the members of this corporation by a majority vote of at least three-fourths of all the voting power of this corporation.

ARTICLE VIII.

The officers of this corporation shall be a

President, Vice-President, Secretary and Treasurer; and there shall also be a Manager, and an Architectural Committee as provided in the Articles of Incorporation; all of whom shall be elected by and shall hold office at the pleasure of the Board of Directors.

ARTICLE IX.

The Board of Directors shall, at their first regular meeting, elect one of their number to act as President and another to act as Vice-President, each of whom shall serve for one year and until his successor is elected unless sooner removed by the Board of Directors; and if at any time the President shall be unable to act, the Vice-President shall take his place and perform his duties; and if both the President and Vice-President from any cause shall be unable to act, the Board of Directors shall appoint another of its members to act, in whom shall be vested for the time being all the duties and functions of the office of President; and the President, Vice-President or Director temporarily so appointed, as the case may be:

1st. Shall preside over all meetings of the members and Directors and shall have the casting vote.

2nd. Shall sign as President all certificates of membership and all instruments of writing which have been first approved by the Board of Directors.

3rd. Shall have such other powers consistent with the office as may be conferred upon him by the Board of Directors.

4th. Shall be recognized as the official head of this corporation for all ceremonial purposes and for the service of civil process on the corporation.

5th. Shall perform such other and further duties as the Board of Directors may prescribe.

ARTICLE X.

The Board of Directors shall elect a Secretary to serve at the pleasure of the Board, with the following duties:

1. To keep a record of all the proceedings of

the Board of Directors and of all meetings of the members.

2. To keep the corporate seal of the corporation and the book of blank certificates of membership; to fill up and countersign all certificates issued, and make the corresponding entries in the margin of such book of issuance; and to affix the corporate seal to such certificates and to all other papers requiring the same.

3. To keep proper books showing the date of issuance of each certificate of membership and the name of the person to whom issued, and showing the names and addresses of and parties to each transfer of membership.

4. To serve all notices required either by law or the By-Laws of the corporation; but in case of his absence, inability, refusal or neglect so to do, then such notices may be served by any person thereunto directed by the President or Vice-President or Board of Directors of the corporation.

5. To perform all other duties usually incident to the office of Secretary of a corporation of this class; also to perform all duties prescribed by the Board of Directors of this corporation.

ARTICLE XI.

Section 1. The Architectural Committee, as authorized by the Articles of Incorporation and appointed by the Board of Directors, shall have full, sole and final authority to approve or disapprove, in the name of this corporation, any and all plans and specifications for each and every building and structure as to outward appearance and design wherever erected or attempted to be erected in or upon the said Huntington Palisades or any part thereof; with full power to take all such action, in the name of this corporation, as may be deemed advisable and within the limits set forth in the Articles of Incorporation. Said Architectural Committee may issue a certificate of approval or disapproval in each case passed upon by them; and may keep a record thereof.

Article XII.

Section 1. The Manager shall be the chief executive officer of the corporation. He shall be chosen by the Board of Directors. The choice shall not be limited to inhabitants of Huntington Palisades. The Manager shall be appointed for an indefinite period. He shall be removable by the Board of Directors at their pleasure. During the absence or disability of the Manager the Board of Directors shall designate some properly qualified person to perform the duties of the office.

Section 2. The Manager shall be responsible to the Board of Directors for the proper administration of all affairs of the corporation, and to that end he shall make all appointments and employ all necessary help, except as otherwise provided in these By-Laws. Except when the Board is considering his removal, the Manager shall be entitled to be present at all meetings of the Board of Directors, and of its committees, and to take part in their discussions.

Section 3. Not later than December 15th of each year the Manager shall prepare and submit to the Board of Directors an annual budget for the next ensuing calendar year. The budget shall present the following information:

- (a) An itemized statement of the appropriation recommended by the Manager for current expenses for the next ensuing calendar year.
- (b) An itemized statement of the estimated revenues, if any, of the corporation from all other sources for the next ensuing calendar year.
- (c) A statement of the financial condition of the corporation; and
- (d) Such other information as may be required by the Board of Directors.

Article XIII.

Section 1. Not later than thirty days after the beginning of the fiscal year (which shall be the

calendar year) the Board of Directors shall pass an annual appropriation regulation, which shall be based on the budget submitted by the Manager. The total amount of appropriations shall not exceed the estimated revenues of the corporation. But any part of such total revenues not included within the annual appropriation may be subsequently appropriated by the Board of Directors at any regular or special meeting thereof, either for general expenses for any designated special purpose within the legitimate scope of activities of the corporation.

No other liabilities shall be incurred by any officer or employee of the corporation, except in accordance with the provisions of the annual appropriation regulation or under continuing contracts and loans authorized by these By-Laws and the Board of Directors, or as otherwise provided herein. At any meeting of the Board of Directors after the passage of the annual appropriation regulation, the Board of Directors, by affirmative vote of four members thereof, may amend such regulation, so as to authorize the transfer of unused balances appropriated for one purpose to another purpose, or to appropriate available revenues not included in the annual budget.

Section 2. By affirmative vote of at least four members of the Board of Directors, money may be borrowed in anticipation of the receipts from assessments during any fiscal year, by the issue of notes or certificates of indebtedness; but the aggregate amount of such notes and/or certificates at any time outstanding shall not exceed forty (40%) percent of the receipts from assessments during the preceding fiscal year.

Section 3. All accounts and the records of every office and department of the corporation shall be open to the members at all reasonable times under reasonable regulations, except records and documents disclosing information which, in the judgment of the Board of Directors, might defeat the lawful purposes of the Board or of the officer or department withholding them from access to the members. And all such records and documents shall always be available at the annual meeting of the members, or at any special

meeting, subject to disclosure by a majority vote of the members.

ARTICLE XIV.

The books and such papers as may be placed on file by vote of the members or Board of Directors shall be subject to the inspection of the Board of Directors or of any member of the Board or to any member of the corporation at all times in regular business hours.

ARTICLE XV.

These By-Laws may be repealed or amended or new By-Laws may be adopted at any meeting of the members of the corporation by a vote representing two-thirds of all the lots owned by the members; or such repeal, amendment or adoption of new By-Laws may be made by the Board of Directors when previously authorized at any meeting of the members of the corporation by a vote representing two-thirds of all the lots owned by the members or by the written assent of the record holders of the legal title to two-thirds of all said lots.

ARTICLE XVI.

The corporation shall have a common seal, consisting of a circle, having conveniently arranged on said seal the words:

HUNTINGTON PALISADES PROPERTY OWNERS CORPORATION LTD. CALIFORNIA
INCORPORATED 1930.

ARTICLE XVII.

The word "person" as used in these By-Laws means and includes natural persons and artificial persons created by law as corporations or otherwise; the masculine gender includes the feminine; the singular includes the plural and vice versa; wherever the context and purposes of these By-Laws requires such interpretation.

The term "Huntington Palisades" as used in these By-Laws covers and includes the same land and real property, and otherwise means the same, as is expressly provided in the Articles of Incorporation.