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8 SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
9 CENTRAL DISTRICT – STANLEY MOSK COURTHOUSE
10

11 RESIDENTS FOR OPEN BOARD
ELECTIONS, an unincorporated association;
12 L. RIED SCHOTT, an individual,

13 Petitioner(s),

14 vs.

15 PALOS VERDES HOMES ASSOCIATION,
a California non-profit mutual benefit
16 corporation, ,

17 Respondent(s).
18
19
20

CASE NO. BS169638

Assigned for All Purposes to:
JUDGE: Hon. Ruth A. Kwan
DEPT.: 72

**DECLARATION OF SIDNEY CROFT IN
SUPPORT OF RESPONDENT'S
OPPOSITION TO PETITIONER'S BRIEF
RE: LOWER QUORUM OF
HOMEOWNERS ASSOCIATION**

Hearing Date: October 10, 2017
Time: 9:00 a.m.
Dept.: 72

Action Filed: May 17, 2017

21 **DECLARATION OF SIDNEY CROFT**

22 I, Sidney F. Croft, declare and state as follows:

23 1. I am a licensed California Attorney, and I have served as General Counsel to the
24 Board of Directors of the Palos Verdes Homes Association (the "Association" or "PVHA") since
25 1968. I submit this declaration in support of the concurrently filed Opposition.

26 2. In my capacity as the General Counsel of the Association, I am familiar with and
27 have personal knowledge of the history of the Association, its governing documents, PVHA's
28 election procedures and PVHA's previous elections. I have personally either reviewed or drafted

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1 many of the Association's governing documents regarding election procedures. As relates to the
2 present litigation, I have reviewed all relevant Association documents and records relating to
3 election procedures, quorum requirements, and past elections.

4 3. I am personally familiar with the facts set forth in this declaration, and if called
5 upon to do so, I could and would competently testify to those facts.

6 4. This case challenges the Association's core election procedures and quorum
7 requirements, which have functioned effectively for nearly 100 years, and seeks radical changes to
8 PVHA election procedures, even though they have recently been updated and modernized.
9 Plaintiff claims that the quorum should be lower, in addition to other procedural changes that are
10 impractical, contrary to California Law in some instances, and would result in unnecessary
11 expense to the Association.

12 5. In order to understand of Plaintiff's action, it is essential to understand the history
13 of the PVHA, PVHA's bylaws and election procedures, current related litigation, and prior
14 elections.

15 **History of Formation of Association**

16 6. The initial development of what is today the City of Palos Verdes Estates began in
17 the 1920s. The Palos Verdes development was envisioned as a single family residential area
18 incorporating the best available architectural, development and design features and practices on
19 the coastline property of the Palos Verdes Peninsula. The Association was created to govern and
20 enforce land use policies consistent with this vision and an Art Jury comprised of professional
21 architects and land planners was created to approve the design and construction of structures
22 within the Association's jurisdiction. The Association was incorporated on May 24, 1923. As
23 development of the project proceeded, various parcels designated for open space were conveyed to
24 the Association. Approximately 40% of the land area of the City of Palos Verdes Estates is open
25 space. A substantial portion of the open space is comprised of canyons and steep hillsides in the
26 City. Of importance, the Association was obligated to maintain and pay property taxes on these
27 open space parcels.

28 7. During the 1929-1939 Great Depression, the Association did not have the resources

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1 to maintain the open space and pay all property taxes to Los Angeles County on that property.
2 Concern about the maintenance of that property and the taxes owed led to a vote in 1939 to
3 incorporate the City of Palos Verdes Estates. Following incorporation, in 1940, the Association
4 transferred its interest and responsibility for maintaining the open space (i.e., property the
5 Association owned that was not intended to be platted for private residential development) to the
6 new city, which as a municipality, was not required to pay taxes on that property.

7 **The Association's Enumerated Powers Under Declaration No. 1, July 5, 1923**

8 8. The first or original deed restrictions governing the project are entitled Declaration
9 of Establishment of Basic Restrictions; Conditions, Covenants, Reservations Liens and Charges
10 ("Declaration No. 1"). They were executed on June 29, 1923 and recorded July 5, 1923. A true
11 and correct copy of portions of Declaration No. 1 is attached as Exhibit A. The material
12 provisions of Declaration No. 1 grant broad powers relating to land use management within the
13 Association's jurisdiction. For example, Declaration No. 1 states that "The Association shall have
14 the right and power to do and/or perform any of the following things, for the benefit, maintenance,
15 and improvement of the property and owners thereof at any time within the jurisdiction of the
16 Homes Association, to wit: (a) To maintain, purchase, construct, improve, repair, prorate, care for,
17 own/and or dispose of parks, parkways, playgrounds, open space and recreational areas ... for the
18 use and benefit of the owners of and/or for the improvement and development of the property
19 herein referred to ... (i) To acquire,...and to own, hold, enjoy, operate, maintain, and to convey,
20 sell lease transfer, mortgage and otherwise encumber, dedicate for public use and/or otherwise
21 dispose of real and/or personal property either within or without the boundaries of said property...
22 (q) To exercise such power of control, interpretation, construction, consent, decision,
23 determination, modification, amendment, cancellation, annulment, and/or enforcement of
24 covenants, reservations, restrictions, liens, and charges imposed upon said property as are herein
25 or may be vested in, delegate[d] to, or assigned to the Homes Association..."

26 9. The Articles of Incorporation contain a similar detailed list of the Association
27 purposes which includes the right to acquire and sell property, care for and dispose of parklands
28 and to interpret the CCRS. The Articles also specify the original 5 member Board of Directors,

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1 and require that only property owners can vote. The Articles are attached as Exhibit B.

2 **The Association Bylaws**

3 10. Concurrently with the recording of Declaration No. 1, the Bylaws being challenged
4 in this lawsuit were enacted in 1923 and amended that same year. A copy of the Bylaws is
5 attached as Exhibit C. Although established years before the enactment of the Davis-Stirling Act,
6 (“DSA”) which sets the legal standards for most homeowners associations, the election procedures
7 in the PVHA Bylaws are closely aligned with the election procedures and public policies
8 embodied in the DSA. Even though PVHA is a nonprofit mutual benefit corporation governed by
9 the California Corporations Code and not by the Davis Stirling Act, it is nevertheless appropriate
10 for the court to look to the DSA for an example of fair election procedures and best practices: the
11 court will see that the PVHA Bylaws are in close alignment with the DSA in most significant
12 respects.

13 11. Key provisions of the Bylaws regarding election procedures are as follows:

- 14 a. A quorum for conducting PVHA business is present only when “the record
15 holders of legal title to a majority of the said building sites shall be
16 represented.” (PVHA Bylaws, Article V, Section 1 [emphasis added].)
- 17 b. If no quorum is present, no business may be conducted at a Members’ meeting,
18 including the election of Directors. (Article V, Section 1.)
- 19 c. When Directors are elected at a valid meeting where a quorum is present, the
20 initial five Directors are elected to staggered terms: one for one year, two for
21 two years and two for three years; and when their respective terms expire their
22 successors are then elected for 3-year terms. (Article IV, Section 1.)
- 23 d. However, if there is no quorum present, then vacancies are filled only until the
24 next annual meeting, i.e., for one year. (Article IV, Section 2.)
- 25 e. Accordingly, once all of the original three-year terms have expired, as is the
26 case now, the lack of a Members’ quorum creates five vacancies on the Board.
- 27 f. “Vacancies in the Board of Directors shall be filled by remaining Directors” by
28 majority vote of the Directors. (Article IV, Section 2.)

- 1 g. Since Directors are elected to serve for their respective terms and “until their
- 2 successors are elected” (*Id.*), the then sitting Directors would continue to have
- 3 authority to fill any vacancies created by the lack of a Members’ quorum.
- 4 h. Any “such appointees shall hold office until the next Annual or Special
- 5 Meeting of the Members...” Thus the maximum term of any appointed
- 6 Director is one year. (Article IV, Section 2.)
- 7 i. The Directors have authority “to make all needful rules and regulation for the
- 8 conduct of election.” (Article IV, Section 3f.)
- 9 j. “The Directors shall be elected by **secret ballot** at the Annual Meeting of the
- 10 members to serve in the first instance as follows: one for a period of one year,
- 11 two for a period of two years and two for a period of three years, and to serve
- 12 until their successors are elected. Their successors shall be elected for a term of
- 13 three years...”(Article V, Section 1.)
- 14 k. “At such annual meeting of the members, Directors for the ensuing year shall
- 15 be elected by **secret ballot.**” (*Id.*)
- 16 l. The Bylaws can be amended only by the affirmative vote of at least two-thirds
- 17 of the Members, and so the Board cannot on its own amend the Bylaws without
- 18 the consent of such a super majority of the Members. (Article XXII.)

19 12. Of note, the Corporations Code governing nonprofit corporation elections requires
 20 PVHA to use written ballots. Cal. Corporations Code Section 7513 (d), (e) and (f).

21 13. Proxy voting is allowed only if it is provided for in the bylaws. Corporations Code
 22 Sections 7510 (d) and 7613 (a). The PVHA Bylaws do not provide for voting by proxy, which
 23 only makes sense, since voting by proxy would violate the Bylaws’ fundamental requirement of
 24 electing Directors by “secret ballot.” A provision permitting voting by proxy could only be added
 25 by amending the Bylaws, which, again, takes a 2/3 vote of the Members to approve. (Article
 26 XXII.)

27 14. As a result, neither the current Board nor (respectfully) should any court, –order
 28 proxy voting. This power can only be exercised by a 2/3 vote of the Members.

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1 **The Intent of the Bylaws is to Preserve Stability and Prevent Precipitous Changes**

2 15. The PVHA Bylaws were adopted in 1923, and last amended that same year. As is
3 customary with organizations where institutional continuity is an important and fundamental
4 principle, such as with Trusts and Conservancies, the philosophy behind the PVHA Bylaws is one
5 where the Board is entrusted with plenary authority, and where sudden or wholesale changes in the
6 Board are both discouraged and intentionally designed to be rare occurrences. For example,
7 Section 1 of Article IV, relating to the election of Directors, sets up a staggered Board — a
8 traditional corporate procedural device used to discourage “change of control” and “hostile
9 takeovers” of the Board, by requiring at least two annual cycles to elect a new majority. The
10 Bylaws also provide: “The Board of Directors shall be the judge of the election and qualifications
11 of its own members subject to review by the courts.” (Article IV, Section 1.) And, as if
12 anticipating the likelihood of a lack of a quorum at Members’ meetings, Section 2 of this Article
13 IV provides:

- 14 a. VACANCIES IN THE BOARD OF DIRECTORS. Section 2. Vacancies in the
15 Board of Directors shall be filled by the remaining Directors when assembled
16 as a Board and such appointees shall hold office until the next Annual or
17 Special Meeting of the members thereafter at which time an election for the
18 unexpired portion of the term shall be held.

19 16. Thus, institutional continuity and the status quo is preserved through this procedure
20 -- unless a full quorum of Members is motivated to convene an annual meeting to elect new
21 Directors-- continued service of the existing Board is, by design, essentially automatic.

22 17. The Bylaws’ procedures for “recall” of a Director by the Members are also
23 consistent with this strong preference for stability in the Board. Article VII provides that a recall
24 petition, in order to be “certified,” must be signed by Members owning at least fifty percent (50%)
25 of all building sites. And then, a vote of two-thirds (2/3) is required in order to remove a Director
26 who is the subject of a certified recall petition. Obviously, the framers of the Bylaws intentionally
27 set a very high bar and multi-step process for recall of a Director by the Members.

28 18. Thus, absent a quorum at a Members meeting, the Bylaws provide for continuity in

1 the Board by having the Board itself fill vacancies — but only for one year, until the next election,
2 so the ultimate will of the Members is always protected, and their ability to form a quorum at any
3 given annual Members' meeting is preserved. Since, in our case, there is no unexpired portion of
4 any Director's term, each current Director has been serving only until the next annual meeting.

5 19. Since no quorum was present at the most recent annual Members' meeting, then no
6 directors could be elected at such meeting, and the Board must now act to fill the vacancies
7 thereby created. If no quorum is present at the next annual meeting, this process will repeat itself
8 each year, until a Members' quorum is present.

9 20. Since the Board has plenary authority to make rules and regulations for the conduct
10 of elections, the Board does propose for the next annual meeting a slate of directors to be elected
11 with staggered terms in order to reinstate the staggered Board originally intended by the Bylaws.
12 This staggering will take effect only if there is a valid quorum and a majority vote of the
13 Members. The Board would also advise the Members that in the absence of a quorum at the
14 annual meeting, the proposed slate would be appointed by the Board to fill those seats for interim
15 one-year terms, until the next annual meeting, in accordance with the Bylaws' Article IV, Section
16 2.

17 **Conveyance to School District and Subsequent Litigation**

18 21. In 1938, the Association conveyed 13 lots to the School District (the "District")
19 subject to the restrictions set forth in the deed (the "1938 Deed.") The 1938 Deed stated that the
20 13 properties "shall not be used for any other purpose than for the establishment and maintenance
21 of public schools, playgrounds, and/or recreation areas." A true and correct copy of the 1938
22 Deed is included as Exhibit D. The Association interpreted this language as a restriction
23 prohibiting the District's sale of the 13 parcels for development.

24 22. Shortly thereafter, in 1940, the Association conveyed its ownership interest in the
25 properties designated for open space to the City, because the maintenance costs and taxes had
26 created an unsustainable financial burden for the Association, as detailed in paragraph 7 above.

27 23. In 2010, the District planned to raise funds by dividing two lots, titled "C" and "D"
28 of Tract 7331 into four lots, and to selling the lots for development purposes. Maps of Tract 7331

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1 are included as Exhibit E. I have personal knowledge of the location and topography of Lots C
2 and D, and they are relatively flat lots suitable for the limited uses permissible under the 1938
3 Deed.

4 24. At the same time, the City of Palos Verdes Estates (the "City") was negotiating a
5 dispute concerning its land use restrictions with residents-- the Luglianis. The Luglianis own a
6 hillside residence adjacent to a steep hillside known as "Area A." Area A had been designated as
7 open space, subject to the same restrictions in the 1938 Deed. Retaining walls and other
8 improvements had been constructed which encroached into Area A by a succession of owners of
9 the Lugliani property. The City had ordered the Luglianis to remedy the encroachments, and there
10 was a threat of litigation. I have personal knowledge of the location and topography of Area A,
11 and the hillside is very steep, such that there are limited practical uses for most portions of Area A.

12 25. On February 1, 2010, the District filed a lawsuit against the City and Association
13 seeking a declaration that the land use restrictions in the Original Declaration and the 1938 Deed
14 to the District were not enforceable against the District *Palos Verdes Peninsula Unified School*
15 *District v. Palos Verdes Homes Association*, Los Angeles Superior Court Case No. BC431020 (the
16 "District Lawsuit.") The court found that the land use restrictions in the 1938 Deed were
17 enforceable, and the District appealed the judgment.

18 26. The Association incurred litigation costs and expenses of approximately
19 \$450,000.00, as a result of the District Lawsuit. To avoid additional litigation costs; to cooperate
20 with the City of Palos Verdes to resolve its dispute with Luglianis, and avoid further political
21 divisions within the Palos Verdes community, the Association entered into a settlement agreement
22 (the "MOU") with the City, the Luglianis, and the School District.

23 **Terms of the MOU**

24 27. Under the MOU, the parties agreed to the following:

- 25 a. The School District agreed to settle the litigation between the District and
26 PVHA and that Lots C and D were to revert back to the control of the
27 Association, and thereby no longer subject to potential sale by the District. The
28 District agreed that as to the other eleven lots that were originally deeded by the

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Association to the District, the District would not attempt to sell them for development, and would abide by all the terms of the 1938 Deed and Declarations;

- b. The Association agreed to transfer Lots C and D to the City for use as open space (park and/or recreational uses), in exchange for the transfer of Area A to PVHA. The deed to PVHA imposed open space restrictions on Area A. PVHA then conveyed Area A to the Luglianis, subject to restrictive open space easements, for a price of \$500,000;
- c. The Association agreed to pay \$100,000 to the City for the maintenance of Lots C and D;
- d. The District and the Association dismissed their appeals, allowing the trial court judgment to become final; and
- e. Although not part of the MOU, following entry into the MOU, the Luglianis donated \$1.5 million to the District.

28. As explained in the MOU, the purpose of the MOU is to (1) reaffirm application of the use restrictions on the properties conveyed by the Association to the District under the 1938 Deed; (2) create a mechanism to resolve the District Lawsuit without further expense; (3) resolve encroachments into Area A by the Luglianis, who accepted responsibility for maintaining the retaining walls on the steep slope and an open space easement restricting use of Area A; and (4) establish lots C and D as open space owned by the City. A true and correct copy of the MOU is attached as Exhibit F.

29. As part of the Association’s review, evaluation, balancing of interests, and business judgment, the Association determined that by the reconveyance of Area A to the Association, the restrictions to Area A no longer applied to the Association because the deed from PVHA to the City created the restriction; and Article I, section 4 gives PHVA “...the right and power to do and/or perform any of the following things for the benefit, maintenance and improvement of the property and the owners thereof at any time: (a) To maintain, purchase, construct , improve...or dispose of parks, parkways, playgrounds, open spaces and recreation areas...for improvement and

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1 development of property herein referred to; ... (i) To acquire... own... and to convey, sell, lease,
2 transfer... and to otherwise dispose of realty and/or personal property ...”

3 30. PVHA had the authority to respond to changing circumstances--just as it did in
4 1940 when it conveyed open space parcels, including Area A, to the City due to financial distress.
5 Consistent with Declaration No. 1 PVHA had the power to interpret the restrictions to serve the
6 community’s best interests and to have that interpretation be conclusive on interested parties.

7 31. All property remained open space; as a result of the exchange the City and the
8 public acquired accessible, flat usable open space, in exchange for inaccessible, steep open space.

9 32. On or about April 19, 2012, after careful consideration and in its good faith
10 business judgment, the Association’s Board formally approved the MOU, stating in the Resolution
11 that approving the MOU was in the best interest of the Association. The Association’s Board
12 complied with its required notice provisions as set forth in its Bylaws for the April 12, 2012 Board
13 Meeting.

14 33. On or about the same date, the City Council of the City of Palos Verdes approved
15 the MOU, and representatives from PVHA were there and answered questions.

16 **2013 Challenge to the MOU**

17 34. On May 13, 2013, Citizens for Enforcement of Parkland Covenants (“CEPC”), and
18 John Harbison (“Harbison”), in his individual capacity as a taxpayer, filed a Petition for Writ of
19 Mandate to void the MOU. The Petition named the City, the Association, and the School District
20 as respondents. *Citizens for enforcement of Parkland Covenants v. City of Palos Verdes Estates*
21 Los Angeles Superior Court Case No. BS142768 (the “CEPC Litigation.”)

22 35. CEPC claimed that the portion of the MOU conveying Area A to the Luglianis was
23 illegal because it violated the protective covenants of the Deed. CEPC also alleged that the City is
24 allowing private improvements to encroach into Area A was an ultra vires act. The Association
25 argued that it operated within the authority provided by the Association’s governing documents in
26 transferring a portion of Area A to the Luglianis in exchange for more useable Lots C and D, that
27 the MOU was a proper exercise of business judgment of the governing Board, that the Members
28 who were part of CEPC are bound by the MOU as the Association represented them in the

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1 litigation, and that the non-members of PVHA who may be members of CEPC lacked any
2 standing to challenge the MOU.

3 36. The trial court rejected the Association arguments on June 29, 2015, finding for
4 CEPC and Harbison on the grounds the actions were "ultra vires." The matter is currently pending
5 on appeal.

6 37. Since the appeal has been pending, Harbison and others, as members of both CEPC
7 and ROBE (which appear to be in essence the same) have lobbied both the City Council of the
8 City of Palos Verdes Estates, as well as PVHA to drop the appeal. Part of ROBE's effort over the
9 last two elections, is to take over the board, presumably to try to dismiss the pending Court of
10 Appeal case.

11 **2015 Board Election and Harbison's Involvement**

12 38. While the CEPC Litigation was pending in the trial court, four members of
13 Residents for Open Board Elections ("ROBE"), led by Harbison, the named plaintiff in the CEPC
14 litigation, unsuccessfully attempted to challenge the incumbent Board Members for seats on the
15 Association's Board of Directors, citing their frustration with the Association's approval of the
16 MOU. However, the challengers were unable to secure sufficient interest to reach a quorum, as
17 required by the Association's Bylaws in order to conduct a valid election.

18 39. Specifically, the election in 2015, for the 2016 Annual Meeting, ROBE made a
19 concerted effort, albeit, at times confusing effort, to try to reach a quorum in the election for the
20 2016 Annual meeting. I say there was confusion because ROBE, among other things, did not start
21 its efforts to participate in the election until the weeks immediately preceding the January election.
22 Also, ROBE submitted to the Association its own competing ballot for approval to the
23 Association, that the Association initially rejected because it had the Association's logo on it that
24 looked like it was the Association's ballot when it was really ROBE's own ballot. There was
25 correspondence back and forth between the Association and ROBE regarding the design of the
26 ballot, and it was ultimately agreed that ROBE could send out its own ballot at its own expense,
27 and the Association would send out its own ballot. The Association provided its mailing list to
28 ROBE. The initial ROBE ballot, the eventual two ballots sent to the membership, and related

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1 correspondence are attached as Exhibits G, H and I, respectively.

2 40. ROBE also sent out considerable literature in the form of mailing and news articles
3 to encourage members to vote. The campaign mailers accused the Association of giving away
4 parkland as a result of the MOU discussed above. Copies of some of the literature and
5 correspondence used by ROBE is attached as Exhibit J.

6 41. As part of the back and forth with ROBE prior to the election, I mistakenly stated
7 to the local newspaper that if a member wanted to revoke its ballot, they could do that, but I
8 quickly retracted that statement in a few days, because the Corporation Code governing nonprofit
9 corporate elections doesn't allow a member to revoke a ballot.

10 42. Of note, the Association and ROBE agreed to hire a retired Los Angeles Superior
11 Court judge as an election monitor, Judge Michael Latin, to oversee the counting of the ballots.
12 The Association paid Judge Latin \$650 an hour, approximately \$26,000 for this service. The
13 election supervision was necessary due to the allegations that the Association was not keeping the
14 ballots secure and not counting all the ballots received and could not be trusted. PVHA also had
15 its own outside legal counsel, Eric Castro, from the law firm of Lewis Brisbois Bisgaard & Smith
16 LLP, present in the room while the ballots were counted.

17 43. As a result of the 2015 election for the 2016 Annual meeting, the number of votes
18 counted equaled approximately 1900 votes, over 800 votes short of the 2722 votes out of 5442
19 members, needed to reach the majority of members required quorum in the Bylaws, Article V,
20 Section 1.

21 44. I recall being told that the room where the ballots were held was filled along the
22 walls with multiple boxes of ballots. Notwithstanding the appearance of many more ballots than
23 we have had in recent years, when counted, the number of ballots fell short of the required quorum
24 by several hundred votes. I did believe at the time that ROBE, if it continued its efforts, and if the
25 membership shared ROBE's contention that the Association was selling away Parkland by entry
26 into the MOU discussed above, a quorum could be reached in a future election. I thought the next
27 2017 election would be telling, and maybe ROBE could increase the vote by its substantial efforts.

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1 **The 2016 Election for the 2017 Annual Meeting; ROBE v. Palos Verdes Homes**
2 **Association**

3 45. In the most recent election for the 2017 Annual Meeting, Petitioners again failed to
4 reach a quorum, **this time receiving several hundred fewer ballots towards the quorum**
5 **requirement than their first attempt.** This was surprising because as a result of the belated and
6 confusing efforts of ROBE in the prior year, the Association enacted the resolutions 177 and 179,
7 attached to the Petition in this case as Exhibits 5 and 6, to establish earlier milestones, standard
8 procedures for submission of candidates to be on the ballot, using only one single ballot, timing
9 requirements, signatures needed for challenger nominees. The Association can and did enact
10 election procedures that do not change the Bylaws (which would require a 2/3 vote of the
11 membership.) ROBE for this election engaged in similar intensive campaigning against the
12 current Board and the MOU saying it was selling off parkland. The Association again paid for
13 Judge Latin to supervise the counting of the ballots. My expectation was that there would be an
14 increase in the number of votes from what occurred in the prior Election. **After the vote was**
15 **counted, the number of votes received was approximately 1700 votes, 200 votes less than the**
16 **approximately 1900 votes received in the prior year and still 900 votes less than what is**
17 **required to reach the majority quorum of the 5442 membership.**

18 46. Petitioners have only tried twice to reach a quorum. I believe, based on my years
19 representing the Association, that if there was a valid reason the membership was dissatisfied with
20 the status quo, then a quorum could be reached. The Association has monthly meetings, and the
21 people who generally attend are either ROBE candidates or ROBE representatives. It appears to
22 me and others that there is no wide support for ROBE and Harbison, and the results of the last 2
23 elections demonstrate no substantial dissatisfaction with the current directors or operation of
24 PVHA .

25 47. Petitioners now in this lawsuit attempt to restructure the Association by filing suit
26 to reduce the quorum to allow a small minority of members to amend the governing documents
27 and PVHA procedures, which have served the Association and its members well over the years.

28 48. The motivation for the present case is appears to be an attempt to invalidate the

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1 MOU by changing the quorum requirements without the required 2/3 member vote to change the
2 Bylaws, thereby allowing a small, vocal minority of members to commandeer the Association and
3 reverse the MOU, even as the CEPC Litigation regarding the validity of the MOU is pending on
4 appeal.

5 **The Bylaws and Election Requirements are Consistent with the Davis-Stirling Act**

6 49. The Association is a non-profit, cooperative association organized under the State
7 of California. Because the association is not a common interest development, it is not subject to
8 the Davis-Stirling Act, codified at Cal. Civ. Code § 4000 et. seq. (the "DSA.") However, the
9 Association's election rules and bylaws are consistent with rules and public policy embodied in
10 the DSA. For example, Section 5115(b) of the DSA requires association meetings for business
11 transactions to include a majority of ownership representation. The PVHA bylaws are entirely
12 consistent, as the quorum requirement currently requires participation of a majority of the
13 Association's members.

14 50. Similarly, Section 5115 of the DSA provides that cumulative voting is only
15 permitted if the association's governing documents provide for cumulative voting. There is no
16 provision for cumulative voting in the PVHA Bylaws.

17 **Importance of the Quorum**

18 51. The Association has broad authority to govern local land use policies within Palos
19 Verdes. It is this authority that has protected the unique character and feel of the City through the
20 architectural approval process. It is this character that distinguishes Palos Verdes from
21 surrounding municipalities, allowing Association members to enjoy the aesthetic beauty and
22 corresponding higher property values found in Palos Verdes.

23 52. However, the consistent enforcement of the restrictions and the architectural
24 approval process is dependent on the Association's stable governance. The community founders
25 wanted to avoid a politicized organization and provided for this stability by including a majority
26 quorum requirement in the Bylaws before the Association's Board of Directors can be replaced.
27 The Majority quorum requirement prevents a small minority of Association members from
28 commandeering the Association, and changing the character of nearly 100 years of successful

1 land-use governance. Plaintiffs in their Petition request that the quorum be lowered to a mere
2 25%. This request is the antithesis of democracy because it could result in just 1361 of the
3 Association's 5442 members taking control of the Association, compared with the existing
4 requirement of over 2721 members. This low quorum requirement would upset stability or
5 permanence envisioned by the community founders because it would subject the Association and
6 its governance to the constantly changing preferences of a small minority of members.

7 **PVHA has Reached Quorums in the Past**

8 53. Past elections indicate that reaching a quorum is not unduly burdensome or
9 difficult. For example, according to PVHA records, there have been 14 quorums between 1981
10 and 2001. See page 3, Exhibit 10 of Plaintiffs' Petition. Between 2001 and 2017, there were four
11 quorums. This indicates that when the community wants its voice heard, on a specific issue or
12 candidates, a quorum is reached.

13 54. The fact that CEPC/ROBE has not been able, twice now, despite their numerous
14 mailings and active election campaign and publicity efforts, to garner enough interest in the
15 community to muster a quorum of Members at an annual meeting, indicates that the Association's
16 Members are comfortable with the steady continuity of the status quo, which has served the
17 community well for nearly 100 years.

18 **Members Prefer the Status Quo**

19 55. PVHA is a closely-knit community, and I believe the low turnout for recent
20 elections indicates the Association members' satisfaction with the status quo.

21 56. Of note, ROBE/CEPC are the first to ever challenge the Association's Bylaws
22 regarding election procedures and the integrity of the election process after nearly 100 years of
23 governance.

24 57. I am a 49 year member of Palos Verdes Golf Course (the "Golf Course") which is
25 a local golf club where approximately 450 of our 600 Association members are also members.
26 While at the Golf Course, I have periodically discussed the Association, land use policies, and
27 previous elections with Association members. My impression from these conversations is that the

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While at the Golf Course, I have periodically discussed the Association, land use policies, and previous elections with Association members. My impression from these conversations is that the majority of Association members are generally satisfied with the status quo.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on September 25, 2017 at Palos Verdes Estates, California.



SIDNEY F. CROFT, Declarant

LEWIS
BRISBOIS
BISGAARD
& SMITH LLP
ATTORNEYS AT LAW

EXHIBIT "A"

EXHIBIT "A"

DECLARATION NO. 1
DECLARATION OF ESTABLISHMENT

OF
BASIC PROTECTIVE RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, LIENS AND
CHARGES AFFECTING THE REAL PROPERTY TO BE KNOWN AS

PALOS VERDES ESTATES—PARCELS A AND B

WHICH IS SITUATED IN THE COUNTY OF LOS ANGELES, IN THE STATE OF CALIFORNIA.

DATED JUNE 26, 1923

(Recorded July 5, 1923, in Book 2269, Page 231, Official Records of Los Angeles County; as amended by
Amendment No. 1 dated Nov. 25, 1923, recorded Dec. 5, 1923, in Book 2270, Page 27, Official
Records of Los Angeles County; and as amended by Amendment No. 2 dated
June 16, 1924, recorded June 25, 1924, in Book 4479, Page 216,
Official Records of Los Angeles County.)

DECLARATION, made and dated this 26th day of June, 1923, by Commonwealth Trust
Company, a corporation organized and existing under and by virtue of the laws of the
State of California.

WHEREAS, Commonwealth Trust Company is the owner of a certain tract of land in
the County of Los Angeles, State of California, described as follows:

Three parcels of Lot "H," as shown on map of
Palos Verdes, in the County of Los Angeles, State of California, as partitioned in case No.
2270, in the District Court of the 11th Judicial District, in and for said County, and entered in Book 4,
Page 51, of Judgments in the Superior Court of
said County and particularly described as follows:
Parcel "A," beginning at an angle point in the
Easterly line of said lot "H," which angle point is
North 26 1/2° East One Hundred Forty-nine and Nine-
tenth Hundredths (149.19) chains from the most
Southwesterly corner of Lot "H,"
Thence along the Easterly line of said Lot "H,"
South Twenty-six Degrees (26°), Forty-six Minutes
(46'), Fifty-nine and Five-tenths Seconds (59.5"),
West Fifty-nine Hundred and Fifty-one and Six Hun-
dredths (591.06) feet,
Thence West Seven Hundred Seventeen and Eleven
Hundredths (177.11) feet,
Thence North Twenty-six Degrees (26°), Twenty-
three Minutes (23'), Three and Seven-tenths Sec-
onds (3.7"), West Fourteen Hundred Sixteen and
Five Hundredths (1416.05) feet,
Thence North Twenty-eight Hundred Sixty (2850)
feet,
Thence East Twenty-two Hundred Seventy and Six
Hundredths (2270.06) feet, more or less to a point
in the Easterly line of said Lot "H,"
Thence South on a bearing (S°), Eighteen Minutes
(18'), Twenty-eight and One-tenth Seconds (28.1"),
West Twenty-six Hundred Fifteen and Thirty-six
Hundredths (2615.36) feet west or less to the place
of beginning,
Parcel "B," beginning at a point at High Tide on
the Shore of the Pacific Ocean at the South West
corner of Lot "A," shown on said partition map,
Thence along the Westerly line of said lot "H,"
South Eighty-nine Degrees (89°), Forty-five Minutes
(45'), Twenty-nine and Three-tenths Seconds (29.3"),
East Two Hundred Thirty and Six-tenths (230.6) feet,
more or less to a two (2) inch capped iron pipe,
Thence along the North line of said Lot "H,"
South Eighty-nine Degrees (89°), Forty-five Minutes
(45'), Twenty-nine and Three-tenths Seconds (29.3"),
East Ninety-six Hundred Forty-three and Fifty-
one Hundredths (9643.51) feet to a two (2) inch
capped iron pipe, thence along the Northerly line
of said Lot "H," South Forty-four Degrees (44'),
Forty-one Minutes (41'), Twelve and Two-tenths Sec-
onds (12.2"), East Forty-five Hundred Eighty-seven
and Nine Hundredths (4587.09) feet to a point on
said Northerly line of Lot "H,"
Thence West Ninety-nine Hundred Thirty-five and
Twenty-two Hundredths (9935.22) feet,
Thence South Eleven Degrees (11°), Forty-eight
Minutes (48'), Twenty and Eight-tenths Seconds
(20.8"), West Forty-nine Hundred Eighty-five and
Forty-five Hundredths (4985.45) feet,
Thence West Fifty Hundred Forty (5040) feet,
Thence South Sixty-three Hundred Seventy (6370)
feet,
Thence South Eighty-one Degrees (81°), Seven
Minutes (07'), Thirty Seconds (30"), West Forty-
four Hundred Twenty-eight (4428) feet, more or less
to a point in the High Tide line of the Pacific Ocean,
Thence along said High Tide line of the Pacific
Ocean in a general North-Westerly and North-East-
erly direction to the place of beginning;
Saving and excepting therefrom that portion there-
of described as follows:
Beginning at a point in the North Easterly bound-
ary line of Lot "H," which is South 44 Degrees,
41 Minutes, 12.2 Seconds East, and 4802.02 feet
South Easterly from an original corner of Lots "H"
and "B," said original corner being marked by a
two-inch capped iron pipe, thence South 49 Degrees
and 30 Minutes West, a distance of 728.46 feet to a
point in the South line of parcel "B," thence East-
erly on the Southerly line of parcel "B," a distance
of 1000.67 feet to a point in the North Easterly line
of Lot "H," said point being the South Westerly cor-
ner of parcel "B," thence on a course bearing North
44 Degrees, 41 Minutes, 12.2 Seconds West, a dis-
tance of 728.46 feet to the point of beginning, the
whole including an area of 6.81 acres.

WHEREAS, the said Commonwealth Trust Company is about to sell, dispose of or
convey in part or in whole the hereinabove described property which it desires to subject to
certain basic protective restrictions, conditions, covenants, reservations, liens and charges
between it and the acquiree or users of said property as hereinafter set forth;

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Now, Therefore, Know All Men By These Presents, that the Commonwealth Trust Company hereby certifies and declares that it has established and does hereby establish the general plan for the protection, maintenance, improvement and development of said property, and has fixed and does hereby fix the protective restrictions, conditions, covenants, reservations, liens and charges upon and subject to which all lots, parcels and portions of said property shall be held, leased or sold and/or conveyed by it as such owner, each and all of which is and are for the benefit of said property and of each owner of land therein and shall inure to and pass with said property and each and every parcel of land therein and shall apply to and bind the respective successors in interest of the present owner thereof, and are and each thereof is imposed upon said realty as a servitude in favor of said property, and each and every parcel of land therein as the dominant tenement or tenements, as follows, to-wit:

ARTICLE I

GENERAL BASIC RESTRICTIONS

USES OF PROPERTY PROHIBITED

Section 1. There shall never at any time be erected, permitted, maintained or carried on upon said property or any part thereof any saloon or place for the sale of intoxicants for sale of malt, viscous or spirituous liquors; any foundry, brickyard, cementery, colliery, crematory; any establishment for the care or cure of persons afflicted with tuberculosis; or for the care, cure or restraint of the mentally imbalanced or of victims of drink or drugs or any detention home, detention or reform school, asylum or institution of like or kindred nature; any building for the manufacture of gun powder or explosives, any product or by-product of kelp, fish meal, stock food made of fish, fish oil or fertilizer or for carrying on any sapper or other smelting or for conducting a slaughter house, stock yard, tannery, oil refinery or fish cannery; or a building for any other business or industrial use not specifically mentioned herein unless such use is approved by the Board of Directors of the Palos Verdes Homes Association hereinafter referred to and is located in a use district permitting the same as provided in Article IV hereof, or any noxious trade or business or use of the property whatsoever.

Section 2. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, placed or permitted upon any part of said property, nor shall any oil, natural gas, petroleum, asphaltum, or hydro-carbon products or substances be produced or extracted therefrom.

Section 3. There is hereby conferred upon Palos Verdes Homes Association, a non-profit, co-operative corporation, organized and existing under and by virtue of the laws of the State of California, hereinafter referred to as the "Homes Association," and upon Palos Verdes Art Jury, appointed by Commonwealth Trust Company April 12, 1928, hereinafter referred to as the "Art Jury," the right and power as in this declaration provided to interpret and enforce the restrictions, conditions, covenants, reservations, liens and charges im-

DERRICK
FOR OIL
PROHIBITED

ENFORCEMENT
BY PALOS
VERDES HOMES
ASSOCIATION
AND PALOS
VERDES ART JURY

gored by the provisions of this declaration and/or by any conveyance, lease, contract of sale which may be created or existing upon said property or to which any portion thereof may at any time be subject.

ARTICLE II

PALDE VERDES HOMES ASSOCIATION

APPROVAL
OF PLANS

Section 1. No building, fence, wall, sidewalk, steps, awning, tent, pole or structure shall be erected, altered or maintained upon any part of said property, unless plans and specifications therefor, showing the construction, nature, kind, shape, height, materials and color scheme therefor, and block plan indicating the location of such structure on the building site, and, when specifically requested, the grading plans of the building site to be built upon, shall have been submitted to, and approved in writing by the Homes Association, and a copy of such plans and specifications, block plan (and grading plan if requested) as finally approved, deposited for permanent record with the Homes Association. After the expiration of one year from the date of approval of plans by the Art Jury and of the issuance of a building permit by the Homes Association, as hereinbefore provided, the structure or alteration described in such permit shall, in favor of purchasers and encumbrancers in good faith and for value from the owner causing such structure to be erected or alteration to be made, be deemed to be in compliance with all the provisions of all restrictions affecting said property, unless notice to the contrary executed by the Homes Association or the Art Jury shall appear of record in the office of the County Recorder of Los Angeles County, California. No billboards or signs of any character shall be erected, posted, pasted or displayed upon or about any part of said property without the written permission of the Homes Association and the Art Jury; and the Homes Association shall have the right in its discretion to prohibit or to restrict and control the size, construction, material and location of all signs and may summarily remove and destroy all unauthorized signs.

APPROVAL OF
SUBDIVISION
PLANS

Section 2. No lot, block, subdivision or part of said property shall be subdivided or any map of the same nor shall any declaration of further or additional restrictions upon said property or any part there-

of be recorded with the County Recorder of Los Angeles County, California, unless and until the same shall have been submitted to and approved in writing by the Homes Association and the Art Jury; provided however, that the approval of the Homes Association and the Art Jury shall not be necessary for any original lay-out, subdivision and landscaping of the said property for Commonwealth Trust Company, prepared by Olmsted Brothers, Landscaps Architects of Brookline, Massachusetts.

Section 3. (1.) When any portion of said property shall be sold on contract, conveyed (except for the sole purpose of placing encumbrances thereon), or leased for more than two years by Commonwealth Trust Company and/or any portion of said property owned by the Commonwealth Trust Company is subdivided, and a legal filing map thereof put of record with the County Recorder of the County of Los Angeles, said portion of said property (except streets, whether dedicated or not or hereafter opened, laid out or established, open spaces maintained for the general use of owners of said property, land taken for public uses and property segregated, retained, conveyed or set aside by the Commonwealth Trust Company for public, semi-public, or common purposes) shall then and thereafter be subject to a continuous maintenance lien securing payment of an annual assessment or charge to be fixed, established and collected from time to time as herein provided. The Homes Association shall have sole authority:

MAINTENANCE
AND
IMPROVEMENT
CHARGES

(a) To fix and establish annually the amount of such annual charge or assessment on each and every lot or parcel of said real property or any interest therein, subject to such continuous lien which shall be based on the assessed valuation of said real property as established by the County Assessor of Los Angeles County, California, for the then current fiscal year at a rate never in any one year in excess of the total annual tax rate established for all purposes for the then current fiscal year by the City Council for the Old City of Los Angeles, or in accordance with some other legal and equitable plan to be adopted by the Homes Association, provided that the total amount of said charge or assessment under such alternate plan shall

never exceed the largest total amount that could have been raised under said first named plan.

(b) To expend for the purposes hereinafter specified the money paid in on such charges or assessments, provided that not less than one-fourth (1/4) of the money so collected shall be placed at the disposal of and expended by the Park Department of the Homes Association for the maintenance and improvement work in its judgment necessary and advisable on the parks, playgrounds, planting in streams and other similar plantings and improvements under the control and care of said department.

The right to collect, and enforce the collection of such charges or assessments is retained by Commonwealth Trust Company until said right is transferred by it to Palms Verdes Homes Association, and Commonwealth Trust Company as to any property conveyed by it except as otherwise provided herein, has established and does hereby establish, reserve and impose a lien thereon securing such annual charges, or assessments.

(2) Such annual charge or assessment shall be fixed on or before the first Monday of October, 1924, for the fiscal year beginning July 1st, 1923, and annually thereafter for each current fiscal year, and said charge or assessment shall be paid annually in advance to Commonwealth Trust Company on the first Monday in November in each and every year, beginning in November, 1923, on which date such annual charge or assessment shall become enforceable against the said real property and so continue until full payment of said charge or assessment, together with all penalties and costs of collection (including reasonable attorney's fees) thereof. The purchaser of said property or of any portion thereof by the acceptance of deeds therefor, whether from Commonwealth Trust Company, or from subsequent owners of such property, or by the signing of contracts or agreements to purchase said property, shall become personally obligated to pay such annual charges and assessments as are fixed during the time of their ownership, and shall vest in Commonwealth Trust Company, its successors in interest, or assigns of the reversionary rights hereunder, the right and power to bring all actions for the collection of such charges

and assessments and the enforcement of such liens. Said charge or assessment shall be subordinate to the lien of any valid bona fide mortgage or trust deed which shall have been given in good faith and for value on the property subject thereto. Commonwealth Trust Company will promptly pay all the proceeds of such charges or assessments as may be paid to it, to the Homes Association, as they are collected.

(3) Said charge or assessment shall, and any other funds available therefor may, be applied by the Homes Association toward the payment of the expenses of carrying out any or all of the purposes set forth in the Articles of Incorporation, or Amendments thereto, of the Homes Association and/or for the following purposes or any of them:

Section 4. All conveyances, contracts of sale or leases for two or more years hereafter executed by Commonwealth Trust Company are hereby made subject to the condition that the grantee, vendee and/or lessee by the acceptance of deed, contract of sale or lease covenant for himself, his heirs, assigns, executors, administrators and successors in interest that the Homes Association shall have the right and power to do and/or perform any of the following things, for the benefit, maintenance and improvement of the property and owners thereof at any time within the jurisdiction of the Homes Association, to-wit:

(a) To maintain, purchase, construct, improve, repair, operate, care for, own, and/or dispose of parks, parkways, playgrounds, open spaces and recreation areas, tennis courts, golf courses and/or club houses, swimming pools, bath houses, bathing beaches, knots, boat houses, boat landings, life rafts, life guards, life saving apparatus, skating rinks, hangars and folds for aircraft, band stands, dancing pavilions, casinos, places of amusement, hospitals, museums, aquariums, community facilities appropriate for the use and benefit of the owners of and/or for the improvement and development of the property herein referred to.

(b) To improve, light and/or maintain streets, roads, alleys, trails, bicycle paths, walks, gateways, fences and ornamental features now existing or hereafter to be erected or created, fountains, shelters, comfort stations, and/or buildings and im-

POWERS OF THE HOMES ASSOCIATION

improvements ordinarily appurtenant to any of the foregoing, grass plots, and other areas, trees and plantings within the lines of the streets immediately adjoining or within the property herein referred to.

(c) To maintain, purchase, construct, and operate water works, pumping plants, and systems for the transportation and distribution of water and/or purchase and distribute water for irrigation, domestic and/or other purposes in connection with the maintenance and use of property under its jurisdiction and care.

(d) To construct, improve, purchase, and/or maintain sewer systems, storm-water sewers, drains, and other utilities installed or to be installed upon property under its jurisdiction and care.

(e) To care for any lots and plots in said property, clean up and/or burn grass and weeds, and to remove any unsightly or obnoxious thing therefrom, and to take any action with reference to such lots and plots as may be necessary or desirable in the opinion of the Board of Directors of the Home Association, to keep the property neat and in good order; and to make and collect additional charges therefor. Any portion of said property, subject to the maintenance and improvement charges established by Section 3 hereof, shall also be subject to a continuous additional lien securing payment of such clean-up charges as are provided in this paragraph. The Home Association shall have full authority to do said clean-up work and to fix and establish annually the amount of such charge, if any, necessary or advisable, to do said work on any lot or parcel, provided that said charge shall only be made when the amount of work done on any such lot or parcel is greater than the ordinary proportionate amount for which funds are available from the general annual maintenance charge; and provided further that the charges so collected from the owner of any such lot or parcel shall be expended solely for cleaning up and keeping in good order such lot or parcel. The Home Association shall have the right to collect and enforce the collection of such charges or assessment; and Commonwealth Trust Company as to any property conveyed by it, except as otherwise provided herein, has established and does hereby establish, reserve and impose, a lien thereon securing such annual charge. The amount of such

charge, if any, shall be fixed on or before the first Monday of October, of each year, and entered upon and collected with the bill for the general annual maintenance charge provided for in Section 3 hereof, provided that said additional clean-up charge shall never in any one year exceed two mills per square foot.

(f) To provide for the sweeping, cleaning, and sprinkling of streets, collection and disposition of street sweepings, garbage, refuse, rubbish and the like; and to make and collect charges therefor.

(g) To provide, so far as it may be lawful so to do, for community fire and/or police protection for the protection of all or any portion of the said property and/or the owners of said property and/or residents thereon.

(h) So far as it can legally do so, to grant franchises, rights-of-way, and easements for public utility or other purposes upon, over and/or under any of said property.

(i) To acquire by gift, purchase, lease or otherwise acquire and to own, hold, enjoy, operate, maintain, and to convey, sell, lease, transfer, mortgage and otherwise encumber, dedicate for public use and/or otherwise dispose of, real and/or personal property either within or without the boundaries of said property.

(j) To acquire by purchase, gift or otherwise, and to own and/or dispose of such works of art as may be approved by the Art Jury as herein provided.

(k) To create, maintain, and operate a Department of Buildings, to issue building permits for any and all improvements or construction work of any kind within the jurisdiction of said corporation, and to inspect and supervise the construction of buildings and structures in or upon said property in accordance with the powers and rights conferred upon it by virtue of any and all restrictions or contractual agreements hereby established or which may at any time be placed upon or exist in connection with any of said property; to provide for the safety of building construction by establishing and enforcing regulations for the granting of building permits, and for making and collecting a charge therefor, including such provisions as are usually contained in City building codes; and to provide for light, air, sanitation, health, comfort, and convenience

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for the occupants of existing and/or hereafter erected buildings by establishing such regulations as are usually included in city housing codes or zoning regulations; such regulations shall have full force and effect from and after the time of their adoption as provided in the By-laws of the Homes Association and shall thereafter be binding upon the owners of said property and all of them, as if set out in full herein.

(l) To employ a manager, secretaries, engineers, auditor, technical consultants or any other employees or assistants and to pay all expenses necessary and incidental in the conduct and carrying on of the business of the Homes Association; and to pay the expenses incident to examination and approval as to those matters prescribed in this Article, and for such supervision of construction as may, in the opinion of the Board of Directors of the Homes Association, or of the Art Jury, be necessary.

(m) To keep records of building permits and/or other approvals or disapprovals made or issued by the Homes Association and to keep books and records showing all charges, levies, and assessments made, and to furnish certified copies of any record which the Board of Directors may authorize to be furnished and from time to time, to issue certificates of completion and compliance covering respective parcels of property with respect to which buildings, structures, and/or other improvements or changes have been made as herein provided; and to make and collect charges thereon.

(n) To enforce liens and charges and to enforce the restrictions, conditions and covenants at any time created for the benefit of lots or parcels over which the Homes Association has jurisdiction and to which said lots at any time may be subject, and to pay all expenses incidental thereto; to enforce decisions and rulings of the Art Jury, and to pay the expenses in connection therewith, and such other expenses of the Art Jury as the Board of Directors may approve; provided that the decisions of the Art Jury shall be conclusive and binding on the Homes Association and shall not be set aside or changed by it.

(o) To pay the taxes and assessments which may be levied by any public authority upon property used or set apart for streets, parks or recreation areas, and improvements thereon, now or hereafter

opened, laid out or established in said property, or in such other open recreation spaces as shall be maintained for the general benefit and use of the owners of lots in said property, and their successors-in-interest, and also on ornamental fountains, tennis courts, pumping plants, water systems, community club house, sewers, and other utilities and storm drains established in or upon said property whether taxed or assessed as a part of said property or separately, and on any property of the Homes Association, or which may be held in trust for the Art Jury.

(p) To establish or make provision for the establishing of a Planning Board, Park Board, Health Board, Library Board, Recreation Board; and/or any other board for the general welfare of the owners of said property or residents therein provided for in the By-laws of the Homes Association, and for these purposes to have authority to delegate to such boards such powers as the Homes Association may lawfully delegate, and to make provision for the use by any such board and/or boards of such funds of the Homes Association as the Board of Directors of the Homes Association may, from time to time, deem advisable.

(q) To exercise such powers of control, interpretation, construction, consent, decision, determination, modification, amendment, cancellation, annulment, and/or enforcement of covenants, reservations, restrictions, liens, and charges imposed upon said property as are herein or may be vested in, delegated to, or assigned to the Homes Association and such duties with respect thereto as are herein or may be assigned to and assumed by the Homes Association, including the enforcement of State and County laws and ordinances, as far as legally may be done.

(r) To nominate to the proper person or corporation and/or to make appointments of members of the Art Jury.

(s) To receive, file, and preserve such reports as may, from time to time, be made to it; and to publish and distribute bulletins and reports.

(t) Generally, to do any and all lawful things which may be advisable, proper, authorized and/or permitted to be done by Polka Verde Homes Association under or by virtue of this declaration or of any restrictions, conditions and/or covenants

or laws at any time affecting said property or any portion thereof (including areas now or hereafter dedicated to public use) and to do and perform any and all acts which may be either necessary for, or incidental to the exercise of any of the foregoing powers or for the peace, health, comfort, safety, and/or general welfare of owners of said property, or portions thereof, or residents thereon. In exercising any of said powers, the Board of Directors may, so far as may be legally done, follow the same procedure as followed by Boards of Trustees of cities of the 6th Class of the State of California, so far as same are not in conflict with any of the provisions contained in restrictions, conditions, and covenants affecting said property, and provided that such method of procedure may be discontinued at any time as to said property or any portion thereof or as to any portion of said property which in or shall be annexed to or become a part of an incorporated city.

(u) To borrow money and mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred and to do any and all things that a corporation organized under the said laws of the State of California may lawfully do when operating for the benefit of its members or the property of its members, and without profit to said corporation.

(v) To exercise such control over streets, alleys, walks, courts, or other easements or rights of way as may be within its powers, and as it may deem necessary or desirable; to issue permits for plumbers or other parties to make cuts or excavate in streets when necessary and to accept bonds or deposits for the repairing of the same. The Homes Association shall have full authority to prevent any excavation or cuts in streets, alleys, walks, courts or other easements or rights of way without first requiring a reasonable deposit to insure the repair and future maintenance of such repairs, it being further understood that the Homes Association may reserve the full right to make any and all excavations in streets; the right to refill any excavation; the right to repave any cuts; and/or the right to repair any damages, in its opinion, to any improvements in the streets and pay the cost of same out of the deposits made as above provided; subject at all times to such control of county or

other proper officials as may have jurisdiction over streets.

(w) To care for, trim, protect, plant and replant trees, shrubs, or other planting on streets, parks, playgrounds, school grounds, or upon any property over which it may have and/or assume control or jurisdiction and/or on any property adjoining the same.

(x) To care for, trim, protect, and plant or replant any vacant or private property it may assume charge of and to make a reasonable charge therefor.

(y) To erect, care for, and maintain adequate signs approved by the Art Jury for marking streets, parks or other property.

(z) To make such agreements with county, township, state, national or other public officials or with any corporation or individual for and in behalf of the owners of said property subject to this agreement for a division of the work upon the streets, parks or other portions of said property or for any other work to be done or utilities to be furnished, as will enable the Homes Association to co-operate with the said officials, corporations or individuals to secure the greatest benefits to the said property or portions thereof that can be derived from the pro rata share of any county, township, or other funds that may be available for use thereon, or otherwise benefit the said property.

Section 5. If for any reason the Homes Association or the Board of Directors thereof shall for ninety (90) consecutive days, fail to meet and carry on or perform the duties hereby conferred upon and granted unto said corporation or if said corporation shall be dissolved by operation of law or otherwise, any committee of not less than fifteen (15) owners of record title of at least as many separate parcels of said property may at any time within six (6) months thereafter call a meeting of all owners of record title of any and all portions of said property, provided notice of said meeting is published at least three (3) times in a Los Angeles daily newspaper of general circulation and/or at least once in a newspaper, if there be one, published in Redondo Beach and in San Pedro. At said meeting each owner of record title to any portion of said property present shall have one vote for each building site as defined in Article V hereof and

ACTION WR:
HOMES
ASSOCIATION
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said owners may elect by majority vote a Board of three trustees, and provide for appointment of successors in the event of a vacancy arising for any cause, which board shall thereafter and thereafter serve and act in, lieu and instead of, and with all the rights, powers and duties provided in this Declaration for the Home Association. In the event said board is so elected, then whenever in this Declaration the Home Association is referred to, said board of three trustees shall be substituted therefor, with the same force and effect as if named herein, whether or not specifically named in each case.

ARTICLE III
ART JURY

APPROVAL OF
STREETS
SUBDIVISIONS
AND GENERAL
PLANTING

Section 1. No part of the said property and/or of any property at any time within the jurisdiction of the Art Jury or of Palos Verdes Homes Association shall be subdivided, laid out or improved by street work, buildings, structures, landscaping or planting, or its physical contours cut into, altered or changed, or any premises maintained except with the approval of the Art Jury as to a uniform and reasonably high standard of artistic result and attractiveness, in exterior and physical appearance of said property and improvements; provided, that this shall not be deemed to apply to any original layout, subdivision and landscaping of the said property for Commonwealth Trust Company by Olmsted Brothers, Landscape Architects, of Brookline, Massachusetts, the Art Jury shall not have any jurisdiction or power of approval other than to make suggestions unless specifically requested to do so by Commonwealth Trust Company; and provided also that at the end of ninety days after submission by Commonwealth Trust Company to the Art Jury of a subdivision map of or any proposed declaration of additional restrictions covering any portion of the said property, legal title to which is held by Commonwealth Trust Company, the said map or declaration shall be deemed to have been given full and final approval by the Art Jury, regardless of any action by it in the interim.

APPROVAL OF
PLANS AND
IMPROVEMENTS

Section 2. No building, fence, wall, sidewalk, steps, paving, tent, pole or other structure, improvement, utility, parking, sculpture, or planting shall be erected, constructed, altered or maintained upon, under

or above any portion of said property or of any property at any time within the jurisdiction of the Art Jury or of Palos Verdes Homes Association (except as provided in Section 1 hereof) unless plans and specifications therefor, including the exterior color scheme, together with a block plan indicating location, shall have been submitted to, approved in writing by the Art Jury and a copy of such plans, specifications and block plans as finally approved deposited for permanent record with the Art Jury. No alteration shall be made in the exterior color or design of any structure unless written approval of such alteration shall have been obtained from the Art Jury. No sign of any kind or for any use shall be created, posted, pasted, painted or displayed upon or about any property under the jurisdiction of the Art Jury without the written approval of the Art Jury.

APPROVAL OF
WORKS OF ART

Section 3. No work of art located or to be located upon said property or any part thereof shall become the property of Commonwealth Trust Company, Palos Verdes Homes Association, or of any corporation, organization or public or semi-public board which may succeed or be substituted for any of them, whether acquired by purchase, gift, or otherwise, unless such work of art or a design of the same, together with a statement showing the proposed location of such work of art, shall first have been submitted to and approved in writing by the Art Jury; nor shall any work of art until so approved be contracted for, erected, placed in or upon, or allowed to extend over or under any street, avenue, square, park, recreation ground, school, public buildings, or other public or semi-public property over which the Art Jury has jurisdiction. The Art Jury may, when it deems proper, also require a model of any proposed work of art, or a map, drawing or profile of any proposed site therefor. The term "Work of Art," as used in this section, shall apply to and include all paintings, mural decorations, stained glass, statues, bas-reliefs, tablets, sculptures, monuments, fountains, arches, entrance gateways, or other structures of a permanent character intended for ornamental or commemorative use. No work of art over which the Art Jury has jurisdiction shall be removed, relocated or in any way altered without the approval in writing of the Art Jury.

CUSTOMER OF ART WORKS Section 4. The Art Jury shall be custodian of such works of art as it may accept charge of.

MEMBERSHIP Section 5. (1) The Art Jury shall be composed of one member ex-officio, named by Commonwealth Trust Company, and of six other members appointed by Commonwealth Trust Company, of whom three shall be persons engaged in the practice of the fine arts, in the instance of the first appointment selected from the membership of the Southern California Chapter of the American Institute of Architects, and in case a vacancy among these three members occurs, Commonwealth Trust Company shall appoint his successor from a list of three persons engaged in the practice of the fine arts, nominated by the Board of Directors of the Southern California Chapter of the American Institute of Architects. One member shall be a City Planner named by Commonwealth Trust Company and if a vacancy occurs as to this member, Commonwealth Trust Company shall name his successor from a list of three city planners nominated by the Board of Governors of the American City Planning Institute. One member shall be appointed by Commonwealth Trust Company from a list of three persons nominated by the Governing Board of the University of California, Southern Branch. And one member shall be appointed by Commonwealth Trust Company from a list of three persons nominated by the Board of Directors of the Homes Association.

(2) The six members of the Art Jury appointed by Commonwealth Trust Company shall in the first instance serve for two years and thereafter shall choose by lot terms of office as follows: two for one year, two for two years, and two for three years; and their successors shall be appointed by Commonwealth Trust Company for terms of three years each, except on appointment to fill a vacancy, which shall be for the unexpired portion of the term. In case any of the organizations entitled to make nominations, as hereinbefore provided, shall fail to make such nominations within sixty days after written notification by Commonwealth Trust Company of the expiration of a term or the occurrence of a vacancy, Commonwealth Trust Company shall appoint a member to fill the vacancy upon its own nomination. In the event that such appointees or any of them shall fail to ac-

cept said appointment, Commonwealth Trust Company shall have the right to revoke such appointment, and to appoint any other person or persons in its judgment qualified to act as members of said Art Jury. If the Art Jury for any reason shall fail to meet and perform its duties for a period of thirty consecutive days, Commonwealth Trust Company may remove one or all of the members and appoint any person or persons in its judgment qualified to act as members of said Art Jury in the place of the member or members so removed; provided appointments shall in all cases in number and qualifications fulfill as nearly as possible the provisions of paragraph (1) of this section as to membership.

(3) Any member of the Art Jury who shall be employed to execute a work of art or structure of any kind requiring the approval of the Art Jury, or who shall take part in competition for such work of art or structure, shall be disqualified from voting thereon; and, in such instance the Art Jury may, in its discretion, invite an expert advisor to give his opinion as to such work of art or structure.

(4) On July 1, 1932, or at any time prior thereto, Commonwealth Trust Company may terminate the term of office and its own power of appointment of the ex-officio member of the Art Jury, by written notification to the President of the Homes Association. On July 1, 1932, the right of Commonwealth Trust Company to appoint members of the Art Jury as provided in paragraph (1) of this section shall cease; or Commonwealth Trust Company prior to said date may resign and transfer said power of appointment to the President of the Homes Association, by notice thereof to him in writing. From and after said date or upon receipt of such notification or either of them, the President of the Homes Association shall, as the case may be, become a member ex-officio of the Art Jury, as successor to the ex-officio member named by Commonwealth Trust Company and/or shall have power, as successor to Commonwealth Trust Company to appoint members thereof, as provided in paragraph (1) of this section, except as provided herein.

(5) The members of the Art Jury shall elect from their own number a President and Vice-President and shall adopt rules of procedure and prescriptive regulations for

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subdivision of all matters within their jurisdiction. Four members shall constitute a quorum and shall have full power to act as the Art Jury during the period of any vacancy or vacancies in the membership thereof. The Art Jury shall designate and appoint a trust company to act as its Treasurer and to act as Trustee of all property of the Art Jury. The name of such Treasurer and of the Secretary shall be certified to the Homes Association.

(6) If for any reason Commonwealth Trust Company, or the President of the Homes Association after the right of appointment shall have been transferred to him, shall fail, for ninety (90) days after the occurrence of a vacancy on the Art Jury, to appoint a member as provided herein, the then President of the Art Jury shall then and thereafter have sole power to appoint the member to fill the said vacancy, provided such appointments shall, in all cases, fulfill in number and qualifications as nearly as possible the provisions of paragraph (1) of this section as to membership.

ART JURY PURPOSES AND FUNDS

Section 6. Any funds available therefor may be used by the Art Jury to pay its members for time in attendance at meetings, and other expenses which in its judgment are incidental to carrying out the purposes for which it is established, to enforce its decisions and rulings and/or to promote art education and community establishment. The Art Jury may accept bequests and donations of, and through its trustees take and hold, title to real and/or personal property and shall have power to administer, disburse and/or dispose of the same and/or to use the income and/or proceeds therefrom for the purposes for which it is established.

RECORDS AND REPORTS

Section 7. (1) The Secretary of the Art Jury shall keep minutes of each approval, recommendation or other official act of the Art Jury and furnish certified copies thereof or certificates of the result thereof, on request to any person; and the Art Jury may make a reasonable charge therefor. Said records shall be open to the public.

(2) The Art Jury may authorize the Secretary thereof to issue a certificate of completion and compliance as to any property so inspected and to make and collect a reasonable charge therefor.

**ARTICLE IV
ZONING**

Section 1. The protective restrictions in this article shall be known as "Building Zone Restrictions"; and for the purposes hereof the following explanations and definitions of words, terms, and phrases shall govern unless the context thereof clearly indicates a different meaning:

(a) Words used in the present tense include the future; the singular includes the plural, and the plural includes the singular; the word "lot" includes the word "plot" and the word "building" includes the word "structure."

(b) An "Apartment House" is a building containing three or more separate single family dwellings using a common passage or airway and a common entrance on the ground floor.

(c) An "Attic" is a story under a sloping roof at the top of a building, of which the top of the plate or wall carrying the main roof rafters is not more than two feet above the floor of such attic.

(d) The term "Back to back" applies to lots or portions of lots when the same are on opposite sides of the same part of a rear line common to both and the opposite street lines on which the lots front are parallel to each other or make an angle with each other of not over forty-five degrees.

(e) A "Building site" shall be taken to be a lot (exclusive of streets, open recreation areas, and lands excepted, reserved, segregated or retained in accordance with the restrictions, conditions and covenants affecting same, shown on any map of record):

(a) Of any original subdivision of said land subject to the jurisdiction of the Homes Association.

(b) Of any re-subdivision of any plots or parcels of said land which re-subdivision is approved by the Homes Association and is permitted by the restrictions, applicable thereto and thereby allowed to be used as a building site; or

(c) Of any subdivision or re-subdivision of any land which hereafter becomes subject to the jurisdiction of the Homes Association by virtue of restrictions, conditions, covenants, and/or con-

wards relating thereto, and by acceptance of jurisdiction by the Board of Directors of said corporation.

(f) A "Court" is an open unoccupied space, other than a rear yard, on the same lot with a building. A court, on either side or end of which is bounded by a front yard, a rear or side yard, or by the front of the lot, or by a street or a public alley, is an "outer court." Every court which is not an "outer court" is an "inner court." Every court shall be open and unobstructed to the sky, from a point not more than two feet above the floor line of the lowest story in the building in which there are windows in rooms or apartments abutting on such court, except that a cornice on the building may extend into an "outer court" two inches for each one foot in width of such court, and a cornice may extend into an "inner court" one inch for each one foot in width of such court.

(g) The "curb level" for the purpose of measuring the height of any portion of a building is the mean level of the curb in front of such portion of the building. But where a building is on a corner lot, the curb level is the mean level of the curb on the street of greatest width. If such greatest width occurs on more than one street, the curb level is the mean level of the curb on the street of greatest width which has the highest curb elevation. The curb level for the purpose of regulating and determining the area of yards, courts, and open spaces is the mean level of the curb on the front of the building where there is the highest curb elevation. Where no curb elevation has been established or the building does not adjoin the street, the average ground level of the lot shall be considered the curb level.

(h) The "depth of a rear yard" shall be measured at right angles from the rear lot line to the extreme rear part of the building.

(i) A "detached building" is one that is not less than five feet distant, measured horizontally, from any portion of any other building.

(j) A "flat" is a building having two or more separate single family habitations therein whether one above another or on the same floor and having a separate outside entrance on the ground floor for each such habitation.

(k) The "height" of a building is the vertical distance measured from the curb level to the top of the roof of the highest part of the building (excepting towers or spires).

(l) The "height of a yard or a court" at any given level shall be measured from the lowest level of such yard or court as actually constructed.

(m) A "House Court" is a group of two or more single family dwellings on the same lot, whether detached or in solid rows, having a separate outside entrance on the ground floor level for each single family dwelling.

(n) The "least dimensions" of a yard or court at any level is the least of the horizontal dimensions of such yard or court at such level. If two opposite sides of a yard or court are not parallel, the horizontal dimension between them shall be deemed to be the mean distance between them.

(o) The "length of an outer court" at any given point shall be the measured distance in the general direction of the side lines of such court from the end opposite the end opening on a street or a rear yard, to such point.

(p) A "lot" is any piece of land fronting on a street as provided herein, the description of which is filed with the Building Commissioner, regardless of plats recorded in the office of the County Recorder. The "depth of a lot" is the mean distance from the street line of the lot to its rear line, measured between the corners of the end lines of the lot. A "corner lot" is a lot bounded on two sides by public streets provided that, for this purpose, no street, alley, court, or open space less than thirty feet in width shall be deemed a public street. The "front line" or "front" of a lot is the boundary line of the lot bordering on the street upon which it abuts. In case of a corner lot, either frontage may be the front provided that the front line shall be taken to include any cut off corners. If a lot runs through from street to street, either street line may be taken as the front lot line. The "rear line" of a lot is the boundary line of said lot opposite the front line. All other boundary lines of a lot are "side lines." (As amended by Amendment No. 3.)

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(g) A "multiple dwelling" is a building designed or used for flats, apartments, tenements, hotel dormitory or any dwelling other than a single family dwelling.

(f) A "rear yard" is an open, unoccupied space on the same lot with and immediately behind a building; and wherever required shall extend the full width of the lot.

(a) A "single family dwelling" is a dwelling for one family alone, having but one kitchen and within which not more than five (5) persons may be lodged for hire at one time, provided that reasonable quarters may be built and maintained in connection therewith for the use and occupancy of servants or guests of said family, and that such quarters may be built and maintained as a part of the main building or with the written approval of Palos Verdes Home Association and the Art Jury in a separate detached accessory building or buildings on the same lot, provided said accessory buildings be not at any time rented or let to persons outside the said family and that they be occupied and used only by persons who are employed by or are the guests of said family. (As amended by Amendment No. 3.)

(f) A "story" is that portion of a building included between the surface of any floor and the finished ceiling above it.

(u) A "street wall" of a building at any level is the wall of that part of the building nearest to the street line.

(v) The "width of the street" is the mean distance between the sides from property line to property line thereof within a block. Where a street borders a public place, or public park, the width of the street is the mean width of such street plus the width measured at right angles to the street line of such public place or public park.

(w) The word "use" means the purpose for which the building is designed, arranged or maintained or for which it is or may be occupied or maintained.

Section 2. The following general plan of zoning or districting is hereby adopted for said property and there are hereby established and defined for said property certain classes of use districts which shall be known as:

Residence Districts of:
Class A—Single Family Dwellings.

Class B—House Courts, Flats and Dwellings.

Class C-1—Apartments and other kinds of dwellings.

Class C-2—Same as Class C-1 until 1930, afterward Class D.

Class C-3—Same as Class C-1 until 1930, afterward Class K.

Business and Public Use Districts of:

Class D—Retail business, offices and dwellings.

Class E—Business, theatres and dwellings.

Class F—Public and semi-public uses.

Class G—Religious edifices.

Class H—General business, garages and dwellings.

Class I—Wholesale and material business.

Class K—Hospitals and institutions.

The districts of said zoning and of each thereof are hereby established for said property with legal, extent and boundaries thereof as may be defined and established in supplementary and additional restrictions hereafter filed of record by Commonwealth Trust Company with said County Recorder, provided that further and/or different classes of use districts may be established and defined by Commonwealth Trust Company to said supplementary and additional restrictions. Any reference to said property or any part thereof in any declaration of restrictions or in deeds, contracts of sale or leases which shall classify any portion of said property as being within any district or any class of use districts of said property, unless referring specifically to some other declaration, shall be construed as referring to the district of this class defined in this declaration or amendment thereof.

No building or premises or any portion of said property shall be used or structure erected to be used for any purpose other than a use permitted in the use district of the class in which such building or premises or property is located.

Section 3. In Residence Districts of Class A no building, structure, or premises shall be erected, constructed, altered or maintained which shall be used or designed or intended to be used for any purpose other than that of one detached single family dwelling on any building site.

Residence Districts of Class A
SINGLE FAMILY DWELLINGS

RESIDENCE DISTRICTS OF CLASS B-- HOUSE COURTS, FLATS AND DWELLINGS

Section 4. In Residence Districts of Class B no building, structure or premises shall be erected, constructed, altered or maintained which shall be used or designed or intended to be used for any purpose other than that of a house court, two family dwelling, flat, boarding house, fraternity house and/or a single family dwelling.

RESIDENCE DISTRICTS OF CLASS C-- APARTMENTS AND OTHER KINDS OF DWELLINGS

Section 5. In Residence Districts of Class C-1 no building, structure or premises shall be erected, constructed, altered or maintained which shall be used or designed or intended to be used for any purpose other than an apartment house, hotel (not comprising a store or stores), private school, fraternity dwelling, club, dormitory, boarding house or lodging house, flat, multiple dwelling, two family dwelling and/or single family dwelling.

RESIDENCE DISTRICTS OF CLASS C-2-- SAME AS C-1 UNTIL 1930; AFTERWARD CLASS D

Section 6. In Residence Districts of Class C-2 no building, structure or premises shall be erected, constructed, altered or maintained which shall be used or designed or intended to be used for any purpose other than those specified for Residence Districts of Class C-1; provided that from and after January 1, 1930, all then existing Districts of Class C-2 shall, without further notice, action or agreement, become Business and Public Use Districts of Class D, as defined and established in Section 8 hereof.

RESIDENCE DISTRICTS OF CLASS C-3-- SAME AS CLASS C-1 UNTIL 1930; AFTERWARD CLASS B

Section 7. In Residence Districts of Class C-3 no building, structure or premises shall be erected, constructed, altered or maintained which shall be used or designed or intended to be used for any purpose other than those specified for Residence Districts of Class C-1; provided that from and after January 1, 1930, all then existing Districts of Class C-3 shall, without further notice, action or agreement, become Business and Public Use Districts of Class B, as defined and established in Section 12 hereof.

BUSINESS AND PUBLIC USE DISTRICTS OF CLASS D-- RETAIL BUSINESS, OFFICES AND DWELLINGS

Section 8. (a) In Business and Public Use Districts of Class D no building, structure or premises shall be erected, constructed, altered or maintained which shall be used or designed or intended to be used for any purpose other than those specified for Residence Districts of Classes A, B, C-1 hereof, or a retail business office, professional office, retail trade, telephone exchange, fraternal society, printing office

or store, with the exception of those uses of property specifically prohibited by paragraphs (b) and (c) of this section.

(b) In any Business and Public Use District of Classes D, E, F, G, H or I, no building or premises shall be used or be erected to be used or maintained for any trade, industry, or use that is obnoxious or offensive by reason of the emission of odor, smoke, gas, dust or noise.

(c) **Businesses prohibited in Class D Districts:** In a Business and Public Use District of Class D, no building or premises shall be used, or be erected to be used, for any of the following specified trades, industries or uses, viz: acid works; ammonia manufacture; commercial recreation park; asphalt manufacture or refining; assaying by the furnace method with more than one furnace of a capacity of two (2) cubic feet; blacksmithing or horseshoeing; bleaching powder manufacture; boilermaking or repairing; bottle or glass factory; brick, tile or terra cotta manufacture or storage; building for treatment of disease or feeble minded; candle or chemical factory; carpet cleaning or carpet beating; celluloid manufacture; ear fans; chlorine manufacture; coal yard; construction material yard; crematories employing over five persons; crematory; dog pound; distillation of coal, wood or bones; dyeing or dry cleaning; electric central station power plant; fat rendering; food yard; fertilizer manufacture; fish cannery; laundry; garage for more than six motor vehicles, other than a saleroom where motor vehicles are kept for sale or for demonstration purposes only; gas (blowmolding or heating) manufacture or storage plants or tanks with a capacity of over five hundred cubic feet of gas; glue, size or gelatine manufacture; gun powder, fire works or explosives manufacture or storage; hay or grain barn or warehouse; hides or skins (uncured); hospital or sanitarium; incineration or reduction of garbage, offal, dead animals or refuse; iron, steel, brass or copper works; junk, scrap paper or rag storage or bulking shop or yard; lamp black manufacture; livery stable; cement or plaster of paris manufacture; laundry or washhouse; luncheon yard; machine shop; mattress or bed spring factory; milk bulking station; moving picture theatre; nursery or greenhouse; oil cloth or linoleum manufacture; oil or gasoline supply station; packing house or plant; paint, oil, varnish or turpentine

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manufacture or storage; petroleum refining or storage; planing mill, or sash and door factory; pickle, sauerkraut, sausage or vinegar manufacture; powder factory; printing ink manufacture; railroad freight yard, team track, freight depot or shed, shops or roundhouse; rawhide or skin storage, curing or tanning; repair shop for motor vehicles; riding academy; rolling mill; scrap iron works or storage; roller or ice skating rink; rubber manufacture from crude material; rock, sand or gravel loading, distributing or receiving station; saw mill; public school; fire house; sheet metal works; silk or cotton mill; sliddy manufacture or wool scouring; slaughtering of animals or fowls; smelting; soap manufacture; stable for more than one animal; starch, glucose or dextrin manufacture; stone or monument works, stone crusher or quarry; crushed stone yard or bunker; stoneware or earthenware factory; saddle factory; stock yard; storage warehouse; warehouse for storage of household goods; sugar refining; sulphurous, sulphuric, nitric or hydrochloric acid manufacture; tallow, grease or lard manufacturing or refining; tannery; tar distillation or manufacture; tar roofing or bit water-proofing manufacture; theatre; undertaking parlor; veterinary hospital; wholesale business; wool pulley; wood yard; or any plant, works or factory where power is used to operate any such plant, works or factory, except that this shall not prohibit any machine operated by two horsepower or less, and except as provided in paragraph (d) of this section.

(d) In any Business or Public Use District of Class D, no building or premises shall be used or be erected to be used for any kind of manufacturing except that any kind of manufacturing of garments or food products, not included within the prohibition of paragraph (b) of this section, may be carried on; provided not more than twenty five per cent of any one story or of the ground floor space or of the total floor space of the building is so used. The printing of a newspaper or a printing shop shall not be deemed manufacturing.

BUSINESS AND PUBLIC USE DISTRICTS OF CLASS E-- BUSINESS, PUBLIC USE AND DWELLINGS

Section 9. In Business and Public Use Districts of Class E no building, structure or premises shall be erected, constructed or maintained, which shall be used or designed or intended to be used for any purpose other than those specified for

Business or Public Use Districts of Class D, or a theatre, moving picture theatre or dance hall.

Section 10. In Business and Public Use Districts of Class F, no building, structure or premises shall be erected, constructed, altered or maintained which shall be used or designed or intended to be used for any purpose other than that of a public or private school, playground, park, aerodrome or flightable landing field or necessary aerodrome or repair shop, public art gallery, museum, library, firehouse, nursery, or greenhouse or other public or semi-public building, or a single family dwelling.

Section 11. In Business and Public Use Districts of Class G, no building, structure or premises shall be erected, constructed, altered, or maintained which shall be used or designed or intended to be used for any purpose other than that of a church, religious edifice, parish house, or a single family dwelling.

Section 12. In Business and Public Use Districts of Class H, no building, structure or premises shall be erected, constructed, altered, or maintained which shall be used or designed or intended to be used for any purpose other than that permitted in Residence Districts of Classes A, B, or C-1, or in Business and Public Use Districts of Classes D, E, F and G hereof, and that of an undertaking parlor, garage for more than six motor vehicles, automobile repair shop, gasoline or oil supply station, dyeing or dry cleaning establishment or plumbing shop.

Section 13. In Business and Public Use Districts of Class J no building, structure or premises shall be erected, constructed, altered or maintained which shall be used or designed or intended to be used for any purpose other than that of business permitted in Business and Public Use Districts of Class H hereof and that of a blacksmith shop; building material yard; earthen; coal yard; crematory; feed or fuel business; household furniture warehouse; lumber yard; milk bottling or distributing station; railroad freight depot, yard, team track or freight shed; riding academy; roller or ice skating rink; stable for more than one horse; warehouse for any business permitted in Class J Districts; wholesale business or wood yard; provided that the approval of the Homes Association thereto and the issuance by it of a temporary

BUSINESS AND PUBLIC USE DISTRICTS OF CLASS F-- PUBLIC AND SEMI-PUBLIC USES

BUSINESS AND PUBLIC USE DISTRICTS OF CLASS G-- RELIGIOUS EDIFICES

BUSINESS AND PUBLIC USE DISTRICTS OF CLASS H-- GENERAL BUSINESS, GARAGES AND DWELLINGS

BUSINESS AND PUBLIC USE DISTRICTS OF CLASS J-- WHOLESALE AND MATERIAL BUSINESS

ary, responsible person therefor, may permit temporary planting walks; and provided further that in Business and Public Use Districts of Class J no building or structure or any part thereof shall be designed, erected, altered or maintained for any single or multiple dwelling, sleeping or human habitation purposes, except that in connection with any warehouse or business building one single family dwelling quarters for one watchman employed on said building may be used by him and his family only.

BUSINESS AND PUBLIC USE DISTRICTS OF CLASS K-- HOSPITALS AND INSTITUTIONS

Section 14. In Business and Public Use Districts of Class K, no building, structure or premises shall be erected, constructed, altered, or maintained which shall be used or designed or intended to be used for any purpose other than that of a public or private hospital, sanitarium (except an establishment for the care or care of persons afflicted with tuberculosis or for the care, cure or restraint of the mentally ill, or of victims of drink or drugs, which are prohibited by Article I hereof), clinic, day nursery, or charitable institution or a use permitted in a Residence District of Classes A, B, or C-1.

ACCESSORY BUILDINGS, DOCTORS' OFFICES IN DWELLINGS, ETC.

Section 15. Nothing contained herein shall prevent the usual accessories to uses which are permitted by the provisions hereof, such as the use by a physician, surgeon, dentist, or other person practicing the art of healing, artist or musician of his or her residence as an office or studio. Customary outbuildings or bridges may be located or maintained as accessory to any building lawfully within the boundaries of any district herein specified. The term accessory shall not include a business nor shall it include any building or use not on the same lot with the building or use to which it is accessory. A private garage for more than six motor vehicles shall not be deemed accessory in a Use District of Classes A, B, C-1, C-2, C-3, F, G, or K, except with the approval of the Home Association.

LOCATION OF ACCESSORY BUILDINGS

Section 16. (a) Accessory buildings shall include and permit the building of a private garage for such existing single family dwelling, and for each apartment of any multiple dwelling on the same lot for the sole use of the occupants thereof, provided that the area, yard and court requirements thereof be not thereby diminished. (As amended by Amendment No. 3.)

(b) Except as otherwise provided in further restrictions applicable thereto filed

of record with said County Recorder by Commonwealth Trust Company, accessory buildings in Residence Districts of Classes A, B, C-1, C-2, C-3, F, G and K shall conform to the following regulations as to their location upon the lot, provided, however, that where the slope of the lot is greater than one foot rise in six feet of run, a private garage may, with the approval of the Home Association, be built nearer to the street.

1. In the case of an interior lot fronting upon only one street, no accessory building shall be erected or altered so as to encroach upon that half of the lot depth nearest the street.

2. In the case of an interior lot fronting upon two or more streets, no accessory building shall be erected or altered so as to encroach upon either fourth of the lot depth nearest such streets.

3. In the case of a corner lot fronting upon two streets, no accessory building shall be erected or altered so as to encroach upon the area between such respective streets and lines drawn parallel to such streets respectively in a manner to divide the lot into two equal areas.

4. In the case of a corner lot fronting upon three or more streets, no accessory building shall be erected or altered so as to encroach upon any fourth of the lot depth nearest such streets.

5. No accessory building shall be located within ten feet of its rear or side lot line when such line forms part of the front half of the side line of an adjacent interior lot, or the front quarter of an adjacent lot whether the latter be an interior or corner lot.

6. Notwithstanding any requirement in this section, the foregoing rules shall not prohibit an accessory building where permitted by this declaration seventy-five (75) feet or more from the street bounding the block.

7. The limitations imposed by this section upon the location of an accessory building shall be waived when the accessory building is incorporated as an integral part of, and enclosed by the same enclosing walls as the building to which it is accessory.

(c) No garage for more than six motor vehicles or theatre or dance hall shall be established in any Use District so as to have a street entrance or exit for use by automobiles upon any street within 200

RESTRICTIONS AS TO PUBLIC GARAGES AND THEATRES OR SCHOOLS, HOSPITALS, E

feet of the entrance to or exit from a public or private school, or playground, church, hospital, or children's home for children under 16 years of age, except where said school, playground, church, hospital, or children's home is in a Business and Public Use District of Class H. This restriction, however, shall not apply to places which are attended by not more than twelve (12) children per day.

CLASSES OF HEIGHT DISTRICTS

Section 17. For the purpose of regulating and limiting the height and bulk of buildings erected, there are hereby established and defined for the said property certain classes of Height Districts as follows:

- 1 Story Height Districts
- 2 Story Height Districts
- 2 1/2 Story Height Districts
- 3 Story Height Districts

as herein further defined and limited, with location, extent and boundaries thereof as may be defined and established in supplemental and additional restrictions hereafter filed of record with said County Recorder, provided that further and/or different classes of height districts may be established and defined in said restrictions. No building or premises or any part thereof shall be erected, constructed, altered or maintained except in conformity with the regulations herein provided for the Height District in which said premises, building or part thereof is located. Any further restrictions hereafter established and placed of record with said County Recorder which shall affect any of said property as being within any district or any class of height district unless referring specifically to some other recorded restriction, shall be construed as referring to the district of the class defined in this declaration, or amendment thereof.

1 Story Height Districts

Section 18. In a 1 Story Height District no building or structure shall be erected, constructed, altered or maintained with a height in excess of one story and basement, or more than twenty-five (25) feet, except as provided in Section 22 hereof.

2 Story Height Districts

Section 19. In a 2 Story Height District no building or structure shall be erected, constructed, altered or maintained with a height in excess of two stories, or more than thirty-five (35) feet, except as provided in Section 22 hereof.

2 1/2 Story Height Districts

Section 20. In a 2 1/2 Story Height District no building or structure shall be

erected, constructed, altered or maintained with a height in excess of two stories and a finished attic, nor more than forty (40) feet, except as provided in Section 22 hereof.

Section 21. In a 3 Story Height District no building or structure shall be erected, constructed, altered or maintained with a height in excess of three stories, or more than forty-five (45) feet, except as provided in Section 22 hereof.

Section 22. (a) The height limitations hereof shall not apply to garages, equine, dog-pens, kennels and wireless aerials and supports, provided same are approved by the Home's Association and the Art Jury, and provided further that where the slope of the lot is greater than one foot rise in six (6) feet of run an additional story may be permitted by the Home's Association on the downhill side of the building in any Height District.

(b) Except in Residential Use Districts of Classes A and B, towers, pent-houses or water tanks closed in with walk down to the ground or to main part of the building, may with the approval of Palos Verdes Home's Association and the Art Jury be built and need to a greater height than permitted in the height District in which the structure is located; provided that no tower of any apartment house shall be erected, constructed, altered or maintained with rooms used or designed or intended to be used for sleeping rooms on more than three stories of said apartment house; and provided that no tower of any hotel or lodging house shall be erected, constructed, altered or maintained with rooms used or designed or intended to be used for sleeping purposes on more than five floors of said hotel or lodging house; and provided that no such tower, pent-house, or water tank shall cover at any level more than fifteen (15) percent in area of the lot, nor have a base area greater than sixteen hundred (1600) square feet; and provided further that no part of any building or structure on any part of said property shall ever exceed a maximum height of one hundred and fifty (150) feet. (As amended by Amendment No. 1.)

Section 23. (a) For the purpose of regulating and determining the area of yards, courts and other open spaces for buildings erected on said property the fol-

3 STORY HEIGHT DISTRICTS

SPECIAL HEIGHT DISTRICT PROVISIONS

TOWNS, TENTS AND PENN-HOUSES ABOVE FIFTY FEET

GENERAL AREA REQUIREMENTS

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Etc.

Following area requirements are hereby established:

No building or part of a building shall be erected except in conformity with the area regulations herein prescribed for the Use District in which said building is located. Unless otherwise expressly provided the terms "rear yard," "side yard," "outer court" or "inner court" when used herein shall be deemed to refer only to a rear yard, side yard, outer court or inner court required herein.

(1) If a lot extends through from one street to another street, public alley, walk, court or public park one-half of the narrowest street, alley, walk, court or public park on which such lot abuts may be considered as a part of the lot in computing the size of the rear yard required except that if such one-half of the narrowest street, walk, court, alley or park is greater than the rear yard required, then only as much of said street or is required for the rear yard shall be considered as a part of said yard and provided that in no event shall the open and unoccupied space on the rear of the lot be less than five feet in depth.

PERCENTAGE OF LOT OCCUPIED

Section 25. No building or structure shall be erected, constructed, altered or maintained which shall occupy either alone or with other buildings, a greater percentage of the area of the lot than as follows:

(a) In Residence Districts of Class A not more than thirty (30) per centum.

(b) In Residence Districts of Classes B, C-1, C-2, C-3, and in Business and Public Use Districts of Classes F, G and K, and for multiple dwellings in any use district, in the case of corner lots not more than seventy (70) per centum and in the case of interior lots not more than sixty (60) per centum.

The measurements shall be taken at the ground level; except that in the case of hotels the measurement may be taken at the floor level of the lowest bedroom story and in the case of other multiple dwellings where there are stores or shops on the entrance story, the measurements may be taken at the story above the top of such entrance story. No measurements of lot area shall include any portion of any street or alley. Any portion of a corner lot distant more than sixty (60) feet, from the corner line measured along the front line of the lot, shall be treated as an interior lot.

Section 25. (a) Immediately behind Rear Yards

every dwelling erected in any Use District there shall be a rear yard extending across the entire width of the lot. Such yard shall be at every point open and unobstructed from the ground to the sky and shall be of the depth described in Section 27 hereof. Every part of such yard shall be directly accessible from every other part thereof. The depth of said yard shall be measured at right angles from the extreme rear part of the dwelling:

(1) To the middle line of the alley where an alley immediately abuts a lot and extends across its entire width;

(2) To the rear lot line, where there is no such alley;

(3) To the nearest wall of the building, where there is another building at the rear as permitted herein.

The provisions of this Section shall not apply to hotels nor to Business and Public Use Districts of Class J.

(b) In Business and Public Use Districts of Classes D, E and H the lowest level of the rear yard shall not be above the sill level of the second story windows nor in any case more than 18 feet above the curb level.

In Residence Districts of Classes A, B, C-1, C-2, C-3, and in Business and Public Use Districts of Classes F, G and K the lowest level of a rear yard shall not be above the curb level, except that a private garage or other out-building not more than one story in height may be built in the open space required for the rear yard if the required rear yard area be not thereby diminished, and egress from said rear yard to rear lot line be provided and maintained open and unobstructed to the sky of a width equal to the minimum width of required rear yard; and provided further that not more than one private garage may be built on any one lot in a Residence District of Class A.

Section 26. If a room in which persons

live, sleep, work or congregate receives its light and air in whole or in part directly from an open space on the same lot with the building, there shall be at least one inner court, outer court, side yard or rear yard upon which a window or ventilating skylight opens from such room. Such inner court, outer court or side yard shall be at least of the area and dimensions herein prescribed for an inner court in the

Use District in which it is located. In Business and Public Use Districts of Class J such inner court, side yard or rear yard shall be at least of the area and dimension herein prescribed for a court in such district. The unoccupied space within the lot in front of every part of such window shall be not less than five (5) feet measured at right angles thereto and not less than thirty-five (35) square feet in area. Courts, yards, and other open spaces if provided in addition to those required shall not be of the area and dimensions herein prescribed.

Area Requirements for Business and Public Use Districts of Classes D, E, H, and J

Section 27. (a) In Business and Public Use Districts of Classes D, E, H, and J yards and courts shall not be required except where windows are required, in which case the provisions of Sections 25 and 26 hereof shall apply; and the dimensions of said yards and courts shall be the same as required in a Class C1 District by paragraph (b) hereof, provided that said provisions shall not apply to windows opening on an open porch or arcade.

Area Requirements for Class A, B, C-1, C-2, C-3, F, G, and K Use Districts

(b) In Residence Districts of Classes A, B, C-1, C-2, C-3, and in all Business and Public Use Districts of Classes F, G and K, and for each multiple or single dwelling erected in any Use District, the minimum width of outer courts, inner courts and rear yards shall be as follows: (Height of building based on full number of stories in the building measured upward from and including the lowest story in which there is an apartment or bedroom.) (As amended by Amendment No. 1.)

Stories	Outer Court and Side Court		Inner Court		Rear Yard	
	Min. Width (ft.)	Min. Area (sq. ft.)	Min. Width (ft.)	Min. Area (sq. ft.)	Min. Depth (ft.)	Min. Area (sq. ft.)
1	25	500	5	25	7	22
2	35	700	5	25	8	28
3 1/2	45	900	5	25	10	35
5	55	1100	5	25	12	42

Near Yard on Corner Lot

The minimum depth of a rear yard on a corner lot shall be as follows:

Depth of Corner Lot	Depth of Rear Yard
Not exceeding 750 feet	Not less than 10% of the depth of the lot, not less than five feet, not less than the minimum width required for an outer court, based on the number of stories in such building.
Exceeding 750 feet	Not less than twelve (12) feet.

SIDE YARDS

(c) In Residence Districts of Classes A, B, F, G and K, along each side lot line there shall be a side yard of a minimum

width of five (5) feet; provided, however, that upon the presentation of a duly executed party wall agreement between owners of two adjoining lots, and with the written approval of the Act Jury, this requirement shall not apply as to said lot line. In Residence Districts of Classes C-1, C-2 and C-3, and in Business and Public Use Districts of Classes H, E and J, side yards shall not be required except where windows are required, in which case said side yards shall be of the width required for outer courts or side yards in paragraph (b) above. (As amended by Amendment No. 3.)

Section 28. No building for Residence use shall be built nearer in any part than ten (10) feet from any other building for single or multiple residence use on the same lot. If a building is erected on the same lot with another building, the several buildings shall for the purpose of this declaration be considered as a single building. Any structure, whether independent of or attached to a building, shall for the purposes hereof be deemed a building or a part of a building.

No building or structure of any kind shall be placed upon the same lot with an existing building or structure so as to decrease the minimum size of courts or yards as herein prescribed, excepting a one-story accessory private garage or out-building, as provided in Section 25 hereof.

Section 29. (a) The area required in a court or yard at any given level shall be open from such level to the sky unobstructed, except for the ordinary projections of sky-lights and parapets above the bottom of such court or yard, and except for the ordinary projections of window sills, half columns, cornices, and other ornamental features to the extent of not more than four inches. However, where a side yard or an outer court opens on a street, a cornice may project not over five feet into such side yard or outer court within five feet of the street wall of the building. And provided also that in a Residence District of Class A a single family dwelling having a side yard of a clear and unobstructed width of not less than five feet may have a cornice or eave projecting not more than two feet into the side yard on the opposite side.

(b) An open or intended enclosed iron fire escape or stairway may project not more than four feet into a rear yard or an inner court.

ADDITIONAL BUILDINGS ON THE SAME LOT

Area Requirements Exemptions

(c) A corner of a court or yard may be cut off between walls of the same building provided that the length of the wall of such cut-off does not exceed four feet.

(d) An offset to a court or yard may be considered as a part of such court or yard provided that it is no deeper in any part than it is wide on the open side and that such open side be in no case less than six feet wide.

INTERPRETATION

Section 20. In interpreting and applying the provisions of this declaration they shall be held to be the minimum requirements adopted for the promotion of the health, safety, comfort, convenience and general welfare of the owners and occupants of said property. It is not intended by this declaration to interfere with any provisions of law or ordinance or any rules, regulations, or permits previously adopted or issued pursuant to law relating to the use of buildings or premises; nor is it intended by this declaration to interfere with or abrogate or annul easements, covenants or other agreements between parties; provided, however, that where this declaration imposes a greater restriction upon the use of buildings or premises or upon the height of buildings or requires larger yards, courts or other open spaces than are imposed or required by such provisions of law or ordinances or by such rules, regulations or permits, or by such easements, covenants or agreements, then and in that case the provisions of this declaration shall control.

ALTERATIONS AND CHANGE IN OCCUPANCY

Section 31. No building or structure erected, constructed, or premises used on any part of said property shall at any time be altered so as to be in violation of this declaration.

BUILDING PERMITS

Section 32. No building permit shall be issued by the Building Commissioner of the Homes Association for the erection or alteration of any building or structure contrary to the provisions of this declaration.

NO USE PRIOR TO ISSUANCE OF CERTIFICATE OF COMPLETION AND COMPLIANCE

Section 33. No owner or lessor of any portion of said property shall use or permit the use of any building or premises or part thereof erected, created, changed, or converted wholly or partly in its use or structure until a certificate of completion and compliance, to the effect that the building or premises or the part thereof so created, erected, changed or converted and the proposed use thereof conform to the provisions of this declaration, shall have been issued by the Homes Association.

Section 34. (a) To preserve the attractiveness of the said property and to prevent the erection, alteration or maintenance of buildings of undesirable and inconsonant design that would depreciate their neighbors, there are hereby established and defined for said property certain districts containing the usual architectural forms as follows:

GENERAL REQUIREMENTS AS TO ARCHITECTURE

Type I Architecture District, Type II Architecture District, Type III Architecture District, as herein further defined and limited, with location, extent and boundaries thereof as may be defined and established in supplemental declarations of restrictions hereafter filed by Commonwealth Trust Company of record with said County Recorder, provided that further classes of architecture districts may be established and defined in such declarations. No building or structure shall be erected, constructed, altered or maintained on said property or any part thereof, except in conformity with the regulations hereto provided for the Type of Architecture District in which said building or structure is located, and except as provided in Article III of this declaration.

(b) A design must be reasonably good of its kind in order to be approved by the Art Jury. A poorly designed example of any sort of architecture, regardless of its nominal "style," or of its cost, shall be disapproved.

(c) Materials, color and forms must be used honestly, actually expressing what they are, and not imitating other materials (such as tin, tile, wood and sheet metal, chamoising, stone, etc.), as for instance, wood being treated frankly as wood and not in imitation of stone, wherever it is used. In this hilly country, roofs will be much seen from above, and their form and color are important to the success and attractiveness of the property. The design of the building must be of such a kind or type as will, in the opinion of the Art Jury, be reasonably appropriate to its site and harmonize with its surroundings, including the architectural character of neighboring improvements for which designs have previously been approved. The word "type" is used rather than "style" because attempts to reproduce "archaeological" or "period" styles shall be discouraged.

Section 35. In Type I Architecture District buildings or structures shall conform to the following general requirements and

TYPE I ARCHITECTURE DISTRICTS

definitions, subject to the discretion of the Art Jury:

Type I shall be that distinctive type of architecture which for two decades or more has been successfully developing in California, deriving its chief inspiration directly or indirectly from Latin types, which developed under similar climatic conditions along the Mediterranean.

COLOR: Generally light in tone (of shades to be approved for each individual case).

MATERIALS: Plaster or stucco exterior wall surfaces of a durable construction, or where they can be afforded, concrete stone or an approved artificial stone, etc. to be preferred. In rare cases an exterior finish of wood or clay products may be approved in Type I districts, but only when treated in harmony with the dominant note of neighboring building.

ROOFS: Low roofs are desired in Type I districts, preferably not steeper than thirty (30) degrees and never to exceed thirty-five (35) degrees maximum. They should be of tile of an approved color, or if of shingles the natural weather tone shall be preferred. Roof if flat, and covered by parapet walls. Paper or other approved prepared roofing of these flat roofs to be sprinkled with gravel or other natural material, generally light in tone.

Type II Architecture Districts: Section 36. In Type II Architecture Districts buildings and structures shall conform to the following general requirements and definitions, subject to the discretion of the Art Jury:

Type II varies from Type I in greater latitude of architectural character. Type I designs may be approved in Type II districts. However, where some special local character of a variant type is made, with the approval of the Art Jury, other nearby buildings may be required to harmonize.

COLOR, MATERIALS and ROOFS: Requirements the same in general as for Type I, with local variations subject to the approval of the Art Jury. A greater use of wood exterior finish may be approved than in Type I districts, with an accompanying latitude in steepness of roof pitch. The maximum allowable pitch for story and a half houses in Type II districts shall be forty (40) degrees, and for two-story houses forty-five (45) degrees maximum, preferably less.

Type III Architecture Districts: Section 37. In Type III Architecture Districts buildings and structures shall conform to the following general requirements and definitions, subject to the discretion of the Art Jury:

Type III varies from Type II as follows and Type II buildings will not be discouraged in Type III districts where they are made to harmonize with the adjacent improvements, but Type I buildings may not be approved.

COLOR AND MATERIALS: To be varied as occasion warrants with the approval of the Art Jury. Greater use of clay products exterior finish may be approved in Type III districts.

ROOFS: A slope or pitch of as much as sixty (60) degrees may be allowed in some cases, when not considered inharmonious with the neighboring buildings or contour of the surrounding ground.

Type IV Architecture Districts: Section 38. In Type IV Architecture Districts all buildings or structures shall conform to the requirements of Type II Architecture Districts as defined and limited in said Declaration No. 1, provided that the Bank of America reserves to itself, its successors and assigns the sole right to establish a general group design and color scheme, with the approval of the Art Jury, for any and all buildings and structures to be erected in said Type IV Districts, which said design shall indicate the general spacing of bays or openings, exterior facades, roof lines, gables and towers. No building or structure shall be erected, constructed, altered or maintained on any lot in said District except in conformity with said design and color scheme, as interpreted by the Art Jury; provided that if within ninety (90) days after the receipt in writing by Bank of America, its successors or assigns, of a request for the completion of said design for any lot in said Type IV Architecture District from the owner thereof, reasonably adapted to the use and purposes of said lot and permitted and authorized by the restrictions applicable thereto under the terms of the deed or contract of sale of said lot, said Bank of America, its successors or assigns, shall fail to complete said design and color scheme as in said lot to the satisfaction of the Art Jury, the Art Jury shall without further notice be empowered to establish a design and color scheme as to said property and no building or structure shall thereafter be erected,

constructed, altered or maintained on said property except in conformity with said lot named design and color scheme or such changes therein as may be approved by the Art Jury. (Added by Amendment No. 3.)

ARTICLE V
OTHER RESTRICTIONS

KEEPING OF STOCK OR Poultry Section 1. No cattle, hogs, or other animals, rabbits or poultry, may be kept in any part of said property unless written permission be obtained from the Homes Association, which permission shall be granted and shall be revocable at the pleasure of said Association, under uniform regulations.

CONSTRUCTION TO BE DIRECTLY PROCEEDED AND New Material Used Section 2. No building, any part of which is for dwelling purposes, shall be in any manner occupied while in the course of original construction or until made to comply with all requirements as to cost and with all other conditions set forth or referred to herein or to any further restrictions established and applicable thereto. The work of construction of any building or structure shall be prosecuted diligently and continuously from the time of commencement until the same shall be fully completed. Every building, fence, wall or other structure placed on any part new material only and not from old or second hand material, and no building constructed elsewhere shall be moved to or constructed on said property, except with the approval of the Homes Association and the Art Jury.

STATUS OF SPLIT LOT OWNERSHIP Section 3. An ownership or single lot holding comprising parts or portions of two or more adjoining lots, or all of one lot and parts of one or more lots adjacent thereto or other recombination approved as herein provided, the total average width of which is not less than fifty (50) feet shall be deemed to be a single lot or building site for the purposes herein.

COST OF IMPROVEMENTS Section 4. The cost or value of the first building to be erected on any lot, including a reasonable fee of architect and reasonable profit for builder, shall be not less than the amount specified for that lot in any subsequent restrictions affecting the same and said minimum cost at any future date to be taken as that sum which will build the

same amount of building as fit the judgment of the Board of Directors of the Homes Association was possible to be built for the sum named on July 1, 1923. Nothing in this clause is intended to prevent the building of private garages or other approved necessary buildings, after or at the same time with the construction of the main building.

Section 5. Commonwealth Street Company reserves the right to make such cuts and fills as are necessary to grade the streets or private ways, whether dedicated or not dedicated, within the boundaries thereof, in accordance with such grades as it may establish, including the right in far as is reasonable and proper for the necessary support and protection of streets so graded, to slope upon adjoining lots, and may assign said rights or any of them to Palms Verdes Homes Association. (As amended by Amendment No. 3.)

Section 6. If in the opinion of the Homes Association any public improvement, planting, tree or utility of any character shall be damaged by the negligence or carelessness of any property owner or of any person working by or through any property owner, then the Homes Association shall have the right to repair such damage, and/or to replace such planting and/or trees, to pay for same out of the general fund and to assess the cost thereof against the property of such owner; and it is hereby expressly stipulated that such expense shall constitute a lien against such property, and such lien is hereby created and established and shall be enforceable by the Homes Association in its own name or in the name of any property owner in said property in any court having competent jurisdiction. When paid by the property owner against whom the same has been assessed, the amount of said expense shall be returned to the general fund of the Homes Association.

Section 7. No trees over twenty feet in height above the ground shall be trimmed, cut back, removed or killed except with the approval of the Homes Association, and representatives of the Homes Association and/or of the Art Jury shall have the right at any time to enter on or upon any property for the purpose of cutting back trees or other plantings which may grow up to a greater height than in the opinion

STREET GRADES,
CUTS AND FILLS

OWNER LIABLE
FOR DAMAGE
TO STREETS
CAUSED BY
NEGLECTANCE

TRIMMING AND
REMOVAL OF
TREES
AND SHRUBS

of the Homes Association is warranted to maintain the view and protect adjoining property. The Homes Association shall have sole authority and right to trim, remove, replace, plant or re-plant or otherwise care for the trees, shrubs and plantings in the sidewalk or other spaces in front of lots or adjoining them, subject to any county or other officials having superior jurisdiction.

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**RIGHT TO PLANT
AND MAINTAIN
VACANT AND
UNIMPROVED
LOTS**

Section 8. The Homes Association shall have the right at all times to enter on or upon any lot or parcel of said property that is vacant or unimproved by the owner thereof, and to plant or re-plant, trim, cut back, remove, replace and/or maintain hedges, trees, shrubs or flowers on the front half and/or on the area within fifteen (15) feet of any rear or within ten (10) feet of any side line and/or keep cultivated and/or grow, reap and remove crops on the whole area of any parcel, lot or building-site of said property, and the said Homes Association or any officer or agent thereof, shall not thereby be deemed guilty of any manner of trespass. When the owner of a parcel or lot so planted or maintained by the Homes Association shall give bona fide evidence and written notice to said corporation of his intention to improve the same within thirty days, the Homes Association may within said thirty days and until work on said improvements is commenced, transplant, remove or dispose of any or all of the plantings which may have been made by it.

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**PRIVIES AND
CESSPOOLS**

Section 9. No privy shall be erected, maintained or used upon any part of said real property, but a temporary privy may with the approval of Palos Verdes Homes Association be permitted during the course of construction of a building. Any lavatory, toilet or water-closet that shall be erected, maintained or used thereon shall be enclosed and located within a building herein permitted to be erected on said premises; and, until an adequate public sewerage system shall be provided therefor, the same shall be properly connected with an underground cesspool, so constructed, covered and reported that no offensive odors shall arise or otherwise escape therefrom; and provided further, that no such cesspool shall be constructed, altered or maintained unless a proper building and plumbing permit therefor

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shall first have been obtained from Palos Verdes Homes Association, and that before any use thereof a Certificate of Completion and Compliance shall also have been issued therefor by said Association. (Added by Amendment No. 1.)

**MAINTENANCE
OF HEALTH,
SAFETY
AND WELFARE**

Section 10. To maintain the health, safety and general welfare of people residing on said property, and to prevent danger from fires, street traffic or other hazards to life and limb or property, Palos Verdes Homes Association shall adopt such rules and regulations as it may from time to time deem advisable and necessary and all parts of said property shall at all times be maintained subject to said rules and regulations; provided, however, that all such rules and regulations shall be in addition to and not interfere with any regulations of County, State or other duly constituted public authority. No fire shall be built or maintained except in chimneys, fireplaces or other fire arrangements for which a written permit has been issued by said Association. (Added by Amendment No. 1.)

**MAINTAINING
NATURAL
DRAINAGE**

Section 11. No obstruction, diversion, bridging or confining of the existing channels, through which surface water in time of storms naturally flows upon and across any lot, shall be made by any lot owner in such a manner as to cause damage to other properties or, except with the approval of Palos Verdes Homes Association as to the adequacy of such constructed, diverted, bridged or confined channel in such a manner as to carry the amount of storm water liable to flow into it, and the right is expressly reserved to Bank of America, its successors and assigns, as an incident of the development of the entire properties including the construction of streets, gutters, ditches and otherwise, to cause reasonable increases or decreases in the amount of water which would in a state of nature flow into and through any such natural storm water channels. (Added by Amendment No. 1.)

**INSECT NESTS
AND
PLANT DISEASES**

Section 12. No plants or seeds infested with noxious insects or plant diseases shall be brought upon, grown or maintained upon any part of said property and no plants or seeds shall be brought upon any part of said property except in accordance with regulations established by and subject to inspection by the Park Department of Palos Verdes Homes Association.

ction as to their freedom from insect pests and plant diseases. The right is specifically reserved to said Park Department to enter upon any part of said property and inspect all plants and seeds thereon at any time, and if after due notice from said Park Department of the existence on any part of said property of infectious plant diseases or insect pests the owner thereof fails or neglects to take such measures for the eradication or control of the same as said Park Department deems necessary for the protection of the community, to enter thereon and at the expense of the owner thereof to destroy or remove infested or diseased plants and/or spray the same and/or take such other measures as may be necessary in the opinion of said Park Department to protect the same and/or take such other measures as may be necessary in the opinion of said Park Department to protect the community from the spread of such infection. (Added by Amendment No. 1.)

ARTICLE VI

DURATION, ENFORCEMENT, AMENDMENT

DURATION OF RESTRICTIONS

Section 1. All of the restrictions, conditions, covenants, liens and charges set forth in this declaration of restrictions shall continue and remain in full force and effect at all times against said property and the owners thereof, subject to the right of change or modification provided for in Sections 2 and 3 of Article VI hereof, until January 1, 1960, and shall as then in force be continued automatically and without further notice from that time for a period of twenty years, and thereafter for successive periods of twenty years each without limitation unless within the six months prior to January 1, 1960, or within the six months prior to the expiration of any successive twenty year period thereafter a written agreement executed by the then record owners of more than one-half in area of said property, exclusive of streets, parks, and open spaces be placed on record in the office of the County Recorder of Los Angeles County by the terms of which agreement any of said conditions, restrictions, covenants, liens or charges are changed, modified or extinguished in whole or in part, as to all or any part of the property originally subject thereto, in the manner and to the extent therein provided. In the event that any such written agreement of change or modification be

duly executed and recorded, the original conditions, restrictions, covenants, liens and charges as therein modified shall continue in force for successive periods of twenty years each unless and until further changed, modified or extinguished in the manner herein provided.

Section 2. Amendment, change, modification or termination of any of the conditions, restrictions, reservations, covenants, liens or charges set forth and established in Articles I, II, III and VI hereof (except the maintenance and improvement charges as provided in Section 3 of Article II hereof) may be made by Commonwealth Trust Company or its successors in interest, as the owner of the reversionary rights herein provided for, by mutual written agreement with the then owners of record (including the mortgagees under a recorded mortgage and the trustee under a recorded deed of trust) of not less than ninety (90) per cent in area of said property and with not less than eighty (80) per cent of all of the then owners of record title of said property and with the Home Association, duly executed and placed of record in the office of the County Recorder of Los Angeles County, California.

MODIFICATION OF BASIC RESTRICTIONS

Section 3. Any of the conditions, restrictions, covenants, reservations, liens or charges set forth in Articles IV and V hereof or hereafter established in any declaration of additional restrictions or deed, contract of sale or lease legally filed of record unless otherwise provided therein, may be changed or modified by written instrument duly executed and placed of record: (1) As to any property then owned by Commonwealth Trust Company, by Palms Verdes Home Association and Commonwealth Trust Company; (2) as to any other property, by Palms Verdes Home Association, the owner or owners of record of two-thirds in area of such property and Commonwealth Trust Company or its successors in interest as owner of the reversionary rights herein provided, however, that in either case no change or modification shall be made without the written consent duly executed and recorded of the owners of record of not less than two-thirds in area of all lands held in private ownership within three hundred feet in any direction of the property concerning which a change or modification is sought to be made, and provided further that this shall

MODIFICATION OF OTHER RESTRICTIONS

not be construed as requiring the consent of the owners of any property not under jurisdiction of the Homes Association; and also provided that any approval given thereto by the Homes Association shall not be valid unless and until it shall first have had a public hearing thereon.

RECORDS AND REPORTS

Section 4. (1) Any agent or officer of the Homes Association and/or of the Art Jury may at any reasonable time enter, inspect and report upon any property subject to the jurisdiction of the Homes Association and/or the Art Jury as to its maintenance or improvement in compliance with the provisions hereof; and the Homes Association, the Art Jury and/or any agent or officer thereof shall not thereby be deemed guilty of any manner of trespass for such entry or inspection. The Homes Association and/or the Art Jury may issue a certificate of completion and compliance as to any property so inspected and make and collect a charge therefor.

(2) For the purpose of making a search upon or abstracting or insuring title to, or any lien on and/or interest in any lot or parcel of said property, and for the purpose of protecting purchasers and encumbrancers for value and in good faith as against the performance or non-performance of any of the acts in this declaration of restrictions authorized, permitted or to be approved by the Homes Association and/or the Art Jury, the records of the Secretary of the Homes Association and/or of the Art Jury shall be conclusive as to all matters shown by such records and the issuance of a certificate of completion and compliance by the Homes Association and by the Art Jury showing that the plans and specifications for the improvements or other matters herein provided for, or authorized, have been approved and that the said improvements have been made in accordance therewith, or of a certificate as to any matters relating to the Homes Association or to the Art Jury by the respective secretaries thereof shall be conclusive upon all persons and shall fully justify and protect any title company or person certifying, guaranteeing, or insuring the said title, or any lien thereon, and/or any interest therein, and shall also fully protect any purchaser or encumbrancer in good faith and for value in acting thereon, as to all matters within the jurisdiction of the Homes Association and/or the Art Jury. In any

event after the expiration of one year from the date of the issuance of a building permit by the Homes Association for any structure, work, improvement or alteration, the said structure, work, improvement or alteration shall, in favor of purchasers and encumbrancers in good faith and for value be deemed to be in compliance with all the provisions hereof, unless actual notice executed by the Homes Association and/or the Art Jury of such non-completion and/or non-compliance, shall appear of record in the office of the County Recorder of Los Angeles County, California, or legal proceedings shall have been instituted to enforce completion and/or compliance.

Section 5. From any time the owner or owners of lands adjoining or outside of said property shall agree with Commonwealth Trust Company or its successors in interest and/or Palms Verdes Homes Association to hold, sell and convey said land subject to restrictions, conditions, covenants, reservations, liens or charges set forth in a Declaration of Restrictions by such owner or owners approved by the Homes Association and the Art Jury, and such agreement and/or Declaration of Restrictions shall thereafter be recorded in the office of the County Recorder of Los Angeles County, California, the Homes Association and the Art Jury shall then and thereafter have power to do and perform any and all of the acts, to fix, impose and collect charges, assessments and dues from the owners of said property as therein provided and to grant said owners membership in the Homes Association as therein agreed to and provided; provided, however, that the Art Jury shall have full jurisdiction over all lands and property over which the Homes Association may at any time have jurisdiction.

ANNEXATION OF ADDITIONAL PROPERTY

Section 6: Each and all of said restrictions, conditions and covenants, reservations, liens and charges is and are for the benefit of each owner of land (or any interest therein) in said property and they and each thereof shall inure to and pass with, each and every parcel of said property, shall apply to and bind the respective successors in interest of Commonwealth Trust Company. Each grantee of Commonweath Trust Company of any part or portion of the said property by acceptance of a deed incorporating the substance of this declaration either by setting it

REVISION OF TITLE

forth or by reference therein, accepts the same subject to all of such restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers of the Art Jury and of the Home Association. A breach of any of the restrictions, conditions and covenants hereby established shall cause the real property upon which such breach occurs to revert to Commonwealth Trust Company or its successor in interest as owner of the reversionary rights therein provided for, and the owner of such reversionary rights shall have the right of immediate re-entry upon such real property, in the event of any such breach; and, as to each lot owner in the said property, the said restrictions, conditions, and covenants shall be covenants running with the land, and the breach of any thereof, and the continuance of any such breach may be enjoined, abated or remedied by appropriate proceedings by the owner of the reversionary rights or by any such owner of other lots or parcels in said property or by the Home Association, but such reversion shall not affect or impair the lien of any bona fide mortgage or deed of trust which shall have been given in good faith, and for value; provided, however, that any subsequent owner of said property shall be bound by the said restrictions, conditions, and covenants, whether obtained by foreclosure or at trustee's sale or otherwise.

VIOLATION OF CONDITIONS

Section 7. The violation of any of the restrictions or conditions or breach of any of the covenants hereby established shall also give to Commonwealth Trust Company or its successors in interest and/or to Palos Verdes Home Association the right to enter upon the property upon or as to which such violation or breach exists, and to summarily abate and remove at the expense of the owner thereof, any erection, thing or condition that may be or exist thereon contrary to the intent and meaning of the provisions hereof; and Commonwealth Trust Company or its successors in interest or Palos Verdes Home Association shall not thereby be deemed guilty of any manner of trespass for such entry, abatement or removal.

VIOLATION CONSTITUTES NUISANCE

Section 8. Every act or omission, whether by any restriction, condition or covenant by this declaration set forth, is violated in whole or in part, is declared to be and shall constitute a nuisance, and may be abated by Commonwealth Trust Company

or its successors in interest and/or by Palos Verdes Home Association and/or by any lot owner subject to the jurisdiction of the Home Association; and such remedy shall be deemed cumulative and not exclusive.

CONSTRUCTION AND VALIDITY OF RESTRICTIONS

Section 9. All of said restrictions, conditions, covenants, reservations, liens and charges contained in this declaration shall be construed together, but if it shall at any time be held that any one of said restrictions, conditions, covenants, reservations, liens or charges or any part thereof, is invalid, or for any reason becomes unenforceable so other restriction, condition, covenant, reservation, lien or charge or any part thereof, shall be thereby affected or impaired; and that the grantor and grantee, their successors, heirs and/or assigns shall be bound by such article, section, subsection, paragraph, sentence, clause and phrase of this declaration irrespective of the fact that any article, section, subsection, paragraph, sentence, clause or phrase be declared invalid.

ASSIGNMENT OF POWERS

Section 10. Any or all of the rights and/or powers of Commonwealth Trust Company herein contained as to any of the said property may be delegated, transferred, assigned or conveyed to any person, corporation or association or to Palos Verdes Home Association, and wherever the Commonwealth Trust Company is hereby referred to such reference shall be deemed to include its successors in interest as owner of the reversionary rights herein provided for.

INTERPRETATION AND ENFORCEMENT BY HOME ASSOCIATION

Section 11. In its own name, so far as it may lawfully do so, and/or in the name of Commonwealth Trust Company or of any lot or parcel owner subject to its jurisdiction, Palos Verdes Home Association shall interpret and/or enforce any or all restrictions, conditions, covenants, reservations, liens, charges and agreements herein or at any time created for the benefit of the said property or in any property which may thereby be expressly made subject to its jurisdiction by the owners thereof, or to which said lots or any of them, may at any time be subject. In case of uncertainty as to meaning of said provisions or of any provisions of this declaration, the Home Association shall (except as in the provisions of Article III hereof, which shall be interpreted by the Art Jury) in all cases interpret the same

and such interpretation shall be final and conclusive upon all interested parties,

reservations, liens or charges shall in no event be deemed a waiver of the right to do so thereafter.

RIGHT TO ENFORCE

Section 12. The provisions contained in this declaration shall bind and inure to the benefit of and be enforceable by Commonwealth Trust Company, Palms Verdes Homes Association, by the owner or owners of any property in said trust, their heirs and assigns, legal representatives, heirs, successors and assigns and failure by the Commonwealth Trust Company, Palms Verdes Homes Association or any property owner, or their legal representatives, heirs, successors or assigns, to enforce any of such restrictions, conditions, covenants,

EXCEPTIONS

Section 13. Any portion of the said property or any interest therein, title to which is acquired by the State of California and/or the United States of America and/or by any public authority, may with the written approval of the Commonwealth Trust Company or its successors in interest in the reverentary rights provided for herein, and the Art Jury, be specifically exempted from any or all of the provisions herein except the provisions of Article I hereof.

NS

In Witness Whereof, said COMMONWEALTH TRUST COMPANY has this 26th day of June, 1923, hereunto caused its corporate name and seal to be affixed by its President and Assistant Secretary, thereunto duly authorized.

COMMONWEALTH TRUST COMPANY,

By JONATHAN S. DODGE, President.

By W. E. FINNEY, Assistant Secretary.

(Seal)

STATE OF CALIFORNIA, }
COUNTY OF LOS ANGELES. } ss

On this 26th day of June, in the year one thousand nine hundred and twenty-three, before me, GRACE A. WAGNER, a Notary Public in and for the said County, personally appeared Jonathan S. Dodge, known to me to be the President, and W. E. Finney, known to me to be the Assistant Secretary of the corporation that executed the within instrument, in behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

GRACE A. WAGNER,
Notary Public in and for the County of Los Angeles,
State of California.

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(Seal)

ARTICLES OF INCORPORATION OF
PALOS VERDES HOMES ASSOCIATION

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, 1972, as thereafter amended, and we hereby certify:

I.
The name of the corporation shall be "Palos Verdes Homes Association."

II.
The purposes for which it is formed are:
(1) To purchase, construct, improve, repair, maintain, operate, care for, own, and/or dispose of parks, parkways, playgrounds, open spaces and recreation areas, tennis courts, golf courses and/or club houses, swimming pools, bath houses, bathing beaches, boat, boat houses, boat landings, life rafts, life guards, life saving apparatus, skating rinks, hangars and holds for aircraft, band stands, dancing pavilions, casinos, places of amusement, hospitals, museums, aquariums, community buildings, community club houses; and, in general, community facilities appropriate for the use and benefit of its members and/or for the improvement and development of the property hereinafter described.

(2) To improve, light and/or maintain streets, roads, alleys, trails, bridle paths, courts, walks, gateways, fences, and ornamental features now existing or hereafter to be erected or created, fountains, shelters, comfort stations, and/or buildings and improvements ordinarily appurtenant to any of the foregoing, grass plots and other areas, trees and plantings within the lines of the streets immediately adjoining or within the property hereinafter referred to.

(3) To purchase, construct, maintain, and operate water works, pumping plants, and systems for the transportation and distribution of water and/or to purchase and distribute water for irrigation, domestic and/or other purposes in connection with the maintenance and use of property under its jurisdiction and care.

(4) To purchase, construct, improve, and/or maintain sewer systems, storm-water sewers, drains, and other utilities in-

stalled or to be installed upon said lands in connection therewith.

(5) To care for any lots and plots in said property, remove grass, weeds, and any unsightly or obnoxious thing therefrom, and to take any action with reference to such lots and plots as may be necessary or desirable in the opinion of the Board of Directors of this corporation, to keep the property neat and in good order; and to make and collect charges therefor.

(6) To provide for the sweeping, cleaning, and sprinkling of streets, collection and disposition of street sweepings, garbage, ashes, rubbish, and the like; and to make and collect charges therefor.

(7) To provide, so far as it may be lawful so to do, for community fire and/or police protection for the protection of all or any portion of the said property and/or the owners of said property and/or residents thereon.

(8) So far as it can legally do so, to grant franchises, rights-of-way, and easements for public utility or other purposes upon, over and/or under any of said property.

(9) To acquire by gift, purchase, lease or otherwise acquire and to own, hold, enjoy, operate, maintain, and to convey, sell, lease, transfer, mortgage and otherwise encumber, dedicate for public use and/or otherwise dispose of, real and/or personal property either within or without the boundaries of said property.

(10) To acquire by purchase, gift or otherwise, and to own and/or dispose of such works of art as may be approved by the Palos Verdes Art Jury established by restrictions effective upon said property or portions thereof.

(11) To create, maintain, and operate a Department of Buildings which shall be in charge of a Building Commissioner named by the Board of Directors of said corpora-

tion to arise at their pleasure, which Building Commissioner shall have full and sole authority to approve or disapprove in the name of said corporation and to issue building permits for any and all plans, specifications or construction work of any kind within the jurisdiction of said corporation, and shall inspect and supervise the construction of buildings and structures on or upon said property in accordance with the powers and rights conferred upon it by virtue of any restrictions in contractual agreements which may be placed upon or exist in connection with any of said property; to provide for the safety of building construction by establishing regulations for the granting of building permits and for making and collecting a charge therefor, including such provisions as are usually contained in building codes; and to provide for light, air, sanitation, health, comfort, and convenience for the occupants of existing and/or hereafter erected buildings by establishing such regulations as are usually included in housing codes or zoning regulations.

(12) To keep records of building permits and/or other approvals or disapprovals made or issued by this corporation and to keep books and records showing all charges, levies, and assessments made, and to furnish certified copies of any record which the Board of Directors may authorize to be furnished and, from time to time, to issue certificates of completion and compliance covering respective parcels of property with respect to which buildings, structures, and/or other improvements or changes have been made; all as provided in the restrictions, conditions, and covenants affecting said property or portions thereof; and to make and collect charges therefor.

(13) To enforce liens, charges, restrictions, conditions, and covenants existing upon and/or created for the benefit of parcels of real property over which said corporation has jurisdiction and in which said parcels may be subject to the extent that this corporation has the legal right to enforce the same; and to pay all expenses incidental thereto; and to enforce the decisions and rulings of the Palos Verdes Art Jury having jurisdiction over any of said property to the extent that said corporation is authorized by said restrictions, conditions, and covenants to enforce same and to pay the expenses in connection there-

with and such other expenses of the Art Jury as this corporation may assume.

(14) To pay the taxes and assessments which may be levied by any public authority upon property used or set apart for streets, parks or recreation areas, and improvements thereon, now or hereafter opened, laid out or established in said property or on such other open recreation areas as shall be maintained for the general benefit and use of the owners of lots in said property, and their successors in interest, and also on ornamental features, tennis courts, pumping plants, water systems, community club houses, sewers, and other utilities and storm drains established in or upon said property whether taxed or assessed as a part of said property or separately, and on any property of the Palos Verdes Home Association or which may be held in trust for the Palos Verdes Art Jury, as provided in any restrictions, conditions or covenants to which said property may be subject.

(15) To establish or make provisions for the establishing of such Planning Board, Park Board, Health Board, Library Board, Recreation Board, and/or any other board specified in or permitted by the Bylaws of this corporation for the general welfare of the owners of said property or residents thereon, and for these purposes to have authority to delegate to such boards such powers as the Palos Verdes Home Association may lawfully delegate, and to make provision for the use by any such board and/or boards of such funds as the Board of Directors of the Palos Verdes Home Association may, from time to time, deem advisable.

(16) To exercise such powers of control, interpretation, nonaction, consent, decision, determination, modification, amendment, cancellation, adjustment, and/or enforcement of covenants, reservations, restrictions, liens, and charges imposed upon said property, as may be vested in, delegated to, or assigned to this corporation and such duties with respect thereto as may be assigned to and assumed by this corporation.

(17) To nominate to the proper person or corporation and/or to make appointments of members of the Palos Verdes Art Jury having jurisdiction over said property in accordance with the provisions of such restrictions, conditions, and covenants

as may be in effect upon any of said property.

(18) To receive, file, and prepare such reports as may, from time to time, be made to it; and to publish and distribute bulletins and reports.

(19) To approve and/or disapprove, as provided by restrictions, conditions, and covenants affecting said property, plans and specifications for and/or location of fences, walls, poles and structures to be erected or maintained upon said property or any portion thereof, and to approve or disapprove the kind, shape, height, and material for same and/or the block plan indicating the location of such structures on their respective building sites and such grading plans as may be required, and to issue or refuse to issue permits for the same; to pay any and all expenses and charges in connection with the performance of any of said powers or the carrying out of any of said purposes; to supervise construction of any buildings or structures to the extent deemed necessary by the Board of Directors, and to establish rules therefor.

(20) To approve or disapprove of subdivisions or re-subdivisions of any of said property from time to time to the extent and in the manner that it may exercise such approval or disapproval as provided in restrictions, conditions, and covenants affecting said property.

(21) To regulate and/or prohibit the erection, posting, passing or displaying upon any of said property of bill-boards and for signs of all kinds and character, and to remove and/or destroy all signs placed, erected or maintained upon said property without the authority of this corporation and/or the Palms Verdes Art Jury as provided in such restrictions, conditions, and covenants, as may affect the said property or any portion thereof.

(22) To fix, establish, levy, and collect annually such charges and/or assessments upon each and every lot or parcel of said property which may be subject to and in accordance with the restrictions, conditions, and covenants affecting said property; provided, that the amount of such annual charges or assessments shall be determined as provided in said restrictions, conditions, and covenants by the Board of Directors of this corporation.

(23) To expend the moneys collected by this corporation from assessments and charges and other sums received for the payment and discharge of costs, expenses, and obligations incurred by said corporation in carrying out any or all of the purposes for which this corporation is formed.

(24) Generally, to do any and all lawful things which may be advisable, proper, authorized, and/or permitted to be done by Palms Verdes Homes Association under or by virtue of any restrictions, conditions, and/or covenants or laws affecting said property or any portion thereof (including areas now or hereafter dedicated to public use) and to do and perform any and all acts which may be either necessary for, or incidental to the exercise of any of the foregoing powers or for the peace, health, comfort, safety, and/or general welfare of owners of said property, or portions thereof, or residents thereon. In exercising any of said powers, the Board of Directors may, so far as may legally be done, follow the same procedure as followed by Boards of Trustees of cities of the 6th Class of the State of California, so far as same are not in conflict with any of the provisions contained in restrictions, conditions, and covenants affecting said property, and provided that such method of procedure may be discontinued at any time as to said property or any portion thereof or as to any portion of said property which is or shall be annexed to or become a part of an incorporated city.

(25) To borrow money and mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred and, to do any and all things that a corporation organized under the said laws of the State of California may lawfully do when operating for the benefit of its members or the property of its members, and without profit to said corporation.

All of the foregoing purposes and powers are to be carried into effect and exercised for the purpose of doing, serving, and applying the things above set forth for the benefit of that certain district or area and/or the people residing therein, situate in the County of Los Angeles, State of California, being a portion of Lot "H" of the Rancho Los Palms Verdes as set forth and described in that certain deed dated March 1, 1923, executed by Jay Lawyer, et ux,

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PVHA053

to Commonwealth Trust Company, a corporation, and recorded in Book 1869, page 389 of Official Records, Records of Los Angeles County, California, together with any and all other property which may hereafter, through the operation of regulations, conditions, covenants, and/or contracts pertaining to same be placed under or submitted to the jurisdiction of this corporation and be accepted as within the jurisdiction of this corporation by resolution of the Board of Directors of this corporation.

III.

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

IV.

The term for which said corporation is to exist is fifty (50) years from the date of its incorporation.

V.

The number of directors of said corporation shall be five (5), and the names and residences 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
James F. Dawson	Rodondo Beach, Cal.
John C. Law	Hermosa Beach, Cal.
Jay Lawyer	Los Angeles, Cal.
J. H. Covantley	Los Angeles, Cal.
M. V. Hoaz	Los Angeles, Cal.

VI.

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

For the purpose of determining the voting power and the property rights and interests of each member of the corporation, a building site shall be taken to be a lot (exclusive of streets, open recreation areas, and lands occupied, reserved, segregated or retained in accordance with the restrictions, conditions, and covenants affecting same, shown on any map of record):

(a) Of any ordinary subdivision of said land subject to the jurisdiction of this corporation, or

(b) Of any re-subdivision of any lots or parcels of said land which re-subdivision is permitted by this corporation

and is approved by the restrictions applicable thereto and thereby allowed to be used as a building site, or

(c) Of any subdivision or re-subdivision of any land which hereafter becomes subject to the jurisdiction of the Palos Verdes Homes Association by virtue of restrictions, conditions, covenants, and/or contracts relating thereto, and by acceptance of jurisdiction by the Board of Directors of this corporation.

That 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 sites to which, as shown by the records of this corporation, he holds the legal or equitable title, and/or contract of purchase; 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 a vote by reason thereof; and provided, further, that when the legal or equitable title to, or contract for purchase of, a building site is vested in or is in the name of two or more persons in joint tenancy or otherwise, the several owners or contract holders or purchasers of said building site shall collectively be entitled to only one vote, which vote may be cast in the manner provided by the By-laws of this corporation.

Each member of this corporation shall have such an interest in all the property owned by this corporation as is represented by the ratio of the number of votes to which said member is entitled to the total number of votes to which all members of this corporation are entitled; provided, however, that during the continuance and life of this corporation and renewals thereof, no member of this corporation shall have the right of distribution of any real or personal property held by or in the possession or control of this corporation; provided, however, that those persons who are members of this corporation at the time of its dissolution may, upon said dissolution, be and become entitled to such property as may be owned by this corporation and as may be subject to distribution among its members in proportion to their interests and property rights as above determined and according to the law then in force and effect.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 16th day of May, 1923.

JAMES F. DAWSON. (SEAL)
JOHN C. LOW (SEAL)
JAY LAWYER (SEAL)
J. H. COVERLEY (SEAL)
M. V. BOAZ (SEAL)

STATE OF CALIFORNIA, } ss.
COUNTY OF LOS ANGELES }

On this 16th day of May, A. D., 1923, before me, NELLIE GRACE FRANTZ, a Notary Public in and for the County of Los Angeles, State of California, personally appeared James F. Dawson, John C. Low, Jay Lawyer, J. H. Coverley and M. V. Boaz, known to me to be the persons whose names are subscribed to the within instrument, and who acknowledged to me that they executed the same.

NELLIE GRACE FRANTZ,
Notary Public in and for the
County of Los Angeles,
State of California.

(Notarial Seal)

104057
ENDORSED
FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF CALIFORNIA
May 24, 1923

FRANK C. JORDAN, Secretary of State,
By FRANK H. CORY, Deputy.

STATE OF CALIFORNIA
DEPARTMENT OF STATE

I, FRANK C. JORDAN, Secretary of State of the State of California, do hereby certify that I have carefully compared the annexed copy of Articles of Incorporation of

"PALOS VERDES HOMES ASSOCIATION"

with the original now on file in my office, and that the same is a correct transcript therefrom, and of the whole thereof. I further certify that this authentication is in due form and by the proper officer.

In Witness Whereof, I have hereunto set my hand and have caused the Great Seal of the State of California to be affixed hereto this 25th day of May, A. D., 1923.

FRANK C. JORDAN,
Secretary of State.

(GREAT SEAL OF THE
STATE OF CALIFORNIA)

By _____
Deputy.

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PVHA055

EXHIBIT "B"

EXHIBIT "B"

ARTICLES OF INCORPORATION OF PALOS VERDES HOMES ASSOCIATION

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 thereafter amended, and we hereby certify:

I.

The name of the corporation shall be "PALOS VERDES HOMES ASSOCIATION."

II.

The purposes for which it is formed are:

(1) To purchase, construct, improve, repair, maintain, operate, care for, own, and/or dispose of parks, parkways, playgrounds, open spaces and recreation areas, tennis courts, golf courses and/or club houses, swimming pools, bath houses, bathing beaches, boats, boat houses, boat landings, life rafts, life guards, life saving apparatus, skating rinks, hangars and fields for aircraft, band stands, dancing pavilions, casinos, places of amusement, hospitals, museums, aquariums, community buildings, community club houses, and, in general, community facilities appropriate for the use and benefit of its members and/or for the improvement and development of the property hereinafter described.

(2) To improve, light and/or maintain streets, roads, alleys, trails, bridle paths, courts, walks, gateways, fences, and ornamental features now existing or hereafter to be erected or created, fountains, shelters, comfort stations, and/or buildings and improvements ordinarily appurtenant to any of the foregoing, grass plots and other areas, trees and plantings within the lines of the streets immediately adjoining or within the property hereinafter referred to.

(3) To purchase, construct, maintain, and operate water works, pumping plants, and systems for the transportation and distribution of water and/or to purchase and distribute water for irrigation, domestic and/or other purposes in connection with the maintenance and use of property under its jurisdiction and care.

(4) To purchase, construct, improve, and/or maintain sewer systems, storm-water sewers, drains, and other utilities in-

stalled or to be installed upon said lands in connection therewith.

(5) To care for any lots and plots in said property, remove grass, weeds, and any unsightly or obnoxious thing therefrom, and to take any action with reference to such lots and plots as may be necessary or desirable in the opinion of the Board of Directors of this corporation, to keep the property neat and in good order; and to make and collect charges therefor.

(6) To provide for the sweeping, cleaning, and sprinkling of streets, collection and disposition of street sweepings, garbage, ashes, rubbish, and the like; and to make and collect charges therefor.

(7) To provide, so far as it may be lawful so to do, for community fire and/or police protection for the protection of all or any portion of the said property and/or the owners of said property and/or residents thereon.

(8) So far as it can legally do so, to grant franchises, rights-of-way, and easements for public utility or other purposes upon, over and/or under any of said property.

(9) To acquire by gift, purchase, lease or otherwise acquire and to own, hold, enjoy, operate, maintain, and to convey, sell, lease, transfer, mortgage and otherwise encumber, dedicate for public use and/or otherwise dispose of, real and/or personal property either within or without the boundaries of said property.

(10) To acquire by purchase, gift or otherwise, and to own and/or dispose of such works of art as may be approved by the Palos Verdes Art Jury established by restrictions effective upon said property or portions thereof.

(11) To create, maintain, and operate a Department of Buildings which shall be in charge of a Building Commissioner named by the Board of Directors of said corpora-

tion to serve at their pleasure, which Building Commissioner shall have full and sole authority to approve or disapprove in the name of said corporation and to issue building permits for any and all plans, specifications or construction work of any kind within the jurisdiction of said corporation, and shall inspect and supervise the construction of buildings and structures in or upon said property in accordance with the powers and rights conferred upon it by virtue of any restrictions or contractual agreements which may be placed upon or exist in connection with any of said property; to provide for the safety of building construction by establishing regulations for the granting of building permits, and for making and collecting a charge therefor, including such provisions as are usually contained in building codes; and to provide for light, air, sanitation, health, comfort, and convenience for the occupants of existing and/or hereafter erected buildings by establishing such regulations as are usually included in housing codes or zoning regulations.

(12) To keep records of building permits and/or other approvals or disapprovals made or issued by this corporation and to keep books and records showing all charges, levies, and assessments made, and to furnish certified copies of any record which the Board of Directors may authorize to be furnished and, from time to time, to issue certificates of completion and compliance covering respective parcels of property with respect to which buildings, structures, and/or other improvements or changes have been made, all as provided in the restrictions, conditions, and covenants affecting said property or portions thereof; and to make and collect charges therefor.

(13) To enforce liens, charges, restrictions, conditions, and covenants existing upon and/or created for the benefit of parcels of real property over which said corporation has jurisdiction and to which said parcels may be subject to the extent that this corporation has the legal right to enforce the same; and to pay all expenses incidental thereto; and to enforce the decisions and rulings of the Palos Verdes Art Jury having jurisdiction over any of said property to the extent that said corporation is authorized in said restrictions, conditions, and covenants to enforce same and to pay the expenses in connection there-

with and such other expenses of the Art Jury as this corporation may assume.

(14) To pay the taxes and assessments which may be levied by any public authority upon property used or set apart for streets, parks or recreation areas, and improvements thereon, now or hereafter opened, laid out or established in said property or on such other open recreation spaces as shall be maintained for the general benefit and use of the owners of lots in said property, and their successors in interest, and also on ornamental features, tennis courts, pumping plants, water systems, community club houses, sewers, and other utilities and storm drains established in or upon said property whether taxed or assessed as a part of said property or separately, and on any property of the Palos Verdes Homes Association or which may be held in trust for the Palos Verdes Art Jury, as provided in any restrictions, conditions or covenants to which said property may be subject.

(15) To establish or make provisions for the establishing of such Planning Board, Park Board, Health Board, Library Board, Recreation Board, and/or any other board specified in or permitted by the By-laws of this corporation for the general welfare of the owners of said property or residents thereon, and for these purposes to have authority to delegate to such boards such powers as the Palos Verdes Homes Association may lawfully delegate, and to make provision for the use by any such board and/or boards of such funds as the Board of Directors of the Palos Verdes Homes Association may, from time to time, deem advisable.

(16) To exercise such powers of control, interpretation, construction, consent, decision, determination, modification, amendment, cancellation, annulment, and/or enforcement of covenants, reservations, restrictions, liens, and charges imposed upon said property, as may be vested in, delegated to, or assigned to this corporation and such duties with respect thereto as may be assigned to and assumed by this corporation.

(17) To nominate to the proper person or corporation and/or to make appointments of members of the Palos Verdes Art Jury having jurisdiction over said property in accordance with the provisions of such restrictions, conditions, and covenants

as may be in effect upon any of said property.

(18) To receive, file, and preserve such reports as may, from time to time, be made to it; and to publish and distribute bulletins and reports.

(19) To approve and/or disapprove, as provided by restrictions, conditions, and covenants affecting said property, plans and specifications for and/or location of fences, walls, poles and structures to be erected or maintained upon said property or any portion thereof, and to approve or disapprove the kind, shape, height, and material for same and/or the block plan indicating the location of such structures on their respective building sites and such grading plans as may be required, and to issue or refuse to issue permits for the same; to pay any and all expenses and charges in connection with the performance of any of said powers or the carrying out of any of said purposes; to supervise construction of any buildings or structures to the extent deemed necessary by the Board of Directors, and to establish rules therefor.

(20) To approve or disapprove of subdivisions or re-subdivisions of any of said property from time to time to the extent and in the manner that it may exercise such approval or disapproval as provided in restrictions, conditions, and covenants affecting said property.

(21) To regulate and/or prohibit the erection, posting, pasting or displaying upon any of said property of bill-boards and/or signs of all kinds and character, and to remove and/or destroy all signs placed, erected or maintained upon said property without the authority of this corporation and/or the Palos Verdes Art Jury as provided in such restrictions, conditions, and covenants, as may affect the said property or any portion thereof.

(22) To fix, establish, levy, and collect annually such charges and/or assessments upon each and every lot or parcel of said property which may be subject to and in accordance with the restrictions, conditions, and covenants affecting said property; provided, that the amount of such annual charges or assessments shall be determined as provided in said restrictions, conditions, and covenants by the Board of Directors of this corporation.

(23) To expend the moneys collected by this corporation from assessments and charges and other sums received for the payment and discharge of costs, expenses, and obligations incurred by said corporation in carrying out any or all of the purposes for which this corporation is formed.

(24) Generally, to do any and all lawful things which may be advisable, proper, authorized, and/or permitted to be done by Palos Verdes Homes Association under or by virtue of any restrictions, conditions, and/or covenants or laws affecting said property or any portion thereof (including areas now or hereafter dedicated to public use) and to do and perform any and all acts which may be either necessary for, or incidental to the exercise of any of the foregoing powers or for the peace, health, comfort, safety, and/or general welfare of owners of said property, or portions thereof, or residents thereon. In exercising any of said powers, the Board of Directors may, so far as may legally be done, follow the same procedure as followed by Boards of Trustees of cities of the 6th Class of the State of California, so far as same are not in conflict with any of the provisions contained in restrictions, conditions, and covenants affecting said property, and provided that such method of procedure may be discontinued at any time as to said property or any portion thereof or as to any portion of said property which is or shall be annexed to or become a part of an incorporated city.

(25) To borrow money and mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred and to do any and all things that a corporation organized under the said laws of the State of California may lawfully do when operating for the benefit of its members or the property of its members, and without profit to said corporation.

All of the foregoing purposes and powers are to be carried into effect and exercised for the purpose of doing, serving, and applying the things above set forth for the benefit of that certain district or area and/or the people residing therein, situate in the County of Los Angeles, State of California, being a portion of Lot "H" of the Rancho Los Palos Verdes as set forth and described in that certain deed dated March 1, 1923, executed by Jay Lawyer, et ux,

to Commonwealth Trust Company, a corporation, and recorded in Book 1849, page 389 of Official Records, Records of Los Angeles County, California, together with any and all other property which may hereafter, through the operation of restrictions, conditions, covenants, and/or contracts pertaining to same be placed under or submitted to the jurisdiction of this corporation and be accepted as within the jurisdiction of this corporation by resolution of the Board of Directors of this corporation.

III.

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

IV.

The term for which said corporation is to exist is fifty (50) years from the date of its incorporation.

V.

The number of directors of said corporation shall be five (5), and the names and 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:

NAMES	RESIDING AT
James F. Dawson	Redondo Beach, Cal.
John C. Low	Hermosa Beach, Cal.
Jay Lawyer	Los Angeles, Cal.
J. H. Coverley	Los Angeles, Cal.
M. V. Boaz	Los Angeles, Cal.

VI.

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

For the purpose of determining the voting power and the property rights and interests of each member of the corporation, a building site shall be taken to be a lot (exclusive of streets, open recreation areas, and lands excepted, reserved, segregated or retained in accordance with the restrictions, conditions, and covenants affecting same, shown on any map of record);

(a) Of any ordinary subdivision of said land subject to the jurisdiction of this corporation, or

(b) Of any re-subdivision of any plots or parcels of said land which re-subdivision is permitted by this corporation

and is approved by the restrictions applicable thereto and thereby allowed to be used as a building site, or

(c) Of any subdivision or re-subdivision of any land which hereafter becomes subject to the jurisdiction of the Palos Verdes Homes Association by virtue of restrictions, conditions, covenants, and/or contracts relating thereto, and by acceptance of jurisdiction by the Board of Directors of this corporation.

That 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 sites to which, as shown by the records of this corporation, he holds the legal or equitable title, and/or contract of purchase; 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 a vote by reason thereof; and provided, further, that when the legal or equitable title to, or contract for purchase of, a building site is vested in or is in the name of two or more persons in joint tenancy or otherwise, the several owners or contract holders or purchasers of said building site shall collectively be entitled to only one vote, which vote may be cast in the manner provided by the By-laws of this corporation.

Each member of this corporation shall have such an interest in all the property owned by this corporation as is represented by the ratio of the number of votes to which said member is entitled to the total number of votes to which all members of this corporation are entitled; provided, however, that during the continuance and life of this corporation and renewals thereof, no member of this corporation shall have the right of distribution of any real or personal property held by or in the possession or control of this corporation; provided, however, that those persons who are members of this corporation at the time of its dissolution may, upon said dissolution, be and become entitled to such property as may be owned by this corporation and as may be subject to distribution among its members in proportion to their interests and property rights as above determined and according to the law then in force and effect.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 16th day of May, 1923.

JAMES F. DAWSON (SEAL)
JOHN C. LOW (SEAL)
JAY LAWYER (SEAL)
J. H. COVERLEY (SEAL)
M. V. BOAZ (SEAL)

STATE OF CALIFORNIA, }
COUNTY OF LOS ANGELES. } ss.

On this 16th day of May, A. D., 1923, before me, NELLIE GRACE FRANTZ, a Notary Public in and for the County of Los Angeles, State of California, personally appeared James F. Dawson, John C. Low, Jay Lawyer, J. H. Coverley and M. V. Boaz, known to me to be the persons whose names are subscribed to the within instrument, and who acknowledged to me that they executed the same.

NELLIE GRACE FRANTZ,
*Notary Public in and for the
County of Los Angeles,
State of California.*

(Notarial Seal)

104057
ENDORSED
FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF CALIFORNIA
May 24, 1923

FRANK C. JORDAN, *Secretary of State,*
By FRANK H. CORY, *Deputy.*

STATE OF CALIFORNIA
DEPARTMENT OF STATE

I, FRANK C. JORDAN, Secretary of State of the State of California, do hereby certify that I have carefully compared the annexed copy of Articles of Incorporation of

"PALOS VERDES HOMES ASSOCIATION"

with the original now on file in my office, and that the same is a correct transcript therefrom, and of the whole thereof. I further certify that this authentication is in due form and by the proper officer.

IN WITNESS WHEREOF, I have hereunto set my hand and have caused the Great Seal of the State of California to be affixed hereto this 25th day of May, A. D., 1923.

FRANK C. JORDAN,
Secretary of State.

(GREAT SEAL OF THE
STATE OF CALIFORNIA)

By.....
Deputy.

EXHIBIT "C"

EXHIBIT "C"

BY-LAWS
OF
PALOS VERDES HOMES ASSOCIATION

Adopted June 25, 1923, Amended Nov. 14, 1923

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ARTICLE I

MEMBERSHIP AND DUES

*Building Site
Defined*

Section 1. A "building site" shall be taken to be a lot (exclusive of streets, open recreation areas, and lands exempted, reserved, segregated or retained in accordance with the restrictions, conditions, and covenants affecting same, shown on any map of record):

(a) Of any original subdivision which is new on file or which shall hereafter be filed in the office of the County Recorder of the County of Los Angeles, California, of that certain tract of land situated in the County of Los Angeles, State of California, being a portion of Lot "H" of the Rancho Palos Verdes as set forth and described in that certain deed dated March 1, 1923, executed by Jay Lawyer et al., to Commonwealth Trust Company, a corporation, and recorded in Book 3849, page 389 of

Official Records of Los Angeles County, California, or

(B) Of any re-subdivision of any plots or parcels of said land which re-subdivision is approved by this corporation and is permitted by the restrictions applicable thereto and thereby allowed to be used as a building site, or

(c) Of any subdivision or re-subdivision of any land which hereafter becomes subject to the jurisdiction of Palos Verdes Homes Association by virtue of restrictions, conditions, covenants, and/or contracts relating thereto; and by acceptance of jurisdiction by the Board of Directors of this corporation.

The members of this corporation shall be all who hold legal title of record to any such building site or who, while holding a contract for the purchase of any such building site from Commonwealth Trust

Company, shall reside upon the building site described in such contract. Such holding of legal title or such residence shall be the sole qualification for membership in the corporation. Contract builders shall establish their right to membership to the satisfaction of the Secretary of this corporation.

QUALIFICATIONS OF MEMBERS

Section 2. The following persons shall be qualified to be, and shall become members of this corporation:

(a) Persons holding legal title to or an interest in any such building site, except as provided in (b) of this paragraph and provided, further, that no person or corporation taking title hereafter as security for the payment of money or performance of other obligations shall thereby become entitled to membership.

(b) Persons holding a contract for the purchase of any building site, who shall reside upon the property described in such contract, in which case the holder of the legal title shall not be qualified for membership by virtue of holding the title to such building site.

(c) The owner or owners of land adjoining or adjacent to said property when such land shall have been placed under the jurisdiction of the Art Jury and Palms Verde Home Association in accordance with the provisions of Section 6 of this Article.

CREATION OF MEMBERSHIP

Section 3. (a) The acceptance by a person of a deed conveying to him such real property as to qualify him for membership in said Association shall ipso facto constitute such grantee a member of said Association.

(b) The acceptance by a purchaser of a contract of sale covering such real property as shall qualify him for membership, together with the act of residing thereon by such purchaser, shall ipso facto constitute such purchaser a member of said Association.

(c) The certificate of the Secretary certifying that a person is a member of this corporation shall be conclusive evidence in favor of all third persons as to the facts recited therein.

TERMINATION OF MEMBERSHIP

Section 4. Whenever a member of said Association becomes disqualified for membership, as hereinabove provided, such person shall ipso facto cease to be a mem-

ber of said Association; if the member holds the legal title to more than one such building site, then upon the transfer of record of the legal title to all his building sites, or, if the member does not hold the legal title to any building site, then upon such member ceasing to be the holder of a contract for the purchase of any such building site or upon his ceasing to reside upon the building site described in such contract. A member holding the legal title in record to more than one building site may transfer membership with each building site transferred and retain membership for each building site not transferred. When a building site is owned in record in joint tenancy or tenancy-in-common, the membership as to such building site shall be joint and the rights of such membership shall be exercised only by the joint action of all owners of such building site.

DUES AND OF MONEY

Section 5. No membership fee shall be charged, nor shall members be required to pay at any time any amount to carry on the business of the corporation, except to pay annually the maintenance charge or assessment, which fee or may be made a lien on the respective properties of the members, and such other liens, fees and charges as are set forth, authorized or permitted in the Declaration of Establishment of restrictions and conditions of Commonwealth Trust Company, dated June 26th, 1923, and recorded on July 5th, 1923, in the office of the County Recorder of the County of Los Angeles, State of California, in Volume 2360 of Official Records of Los Angeles County at page 231 and following pages, or any amendments thereof, or as set forth in any other Declaration of Commonwealth Trust Company, its assigns or successors in interest, applicable to said property on file or hereafter filed in the office of said County Recorder.

APPROPRIATION OF PROPERTY

Section 6. If at any time the owner or owners of land adjoining, adjacent or within a distance deemed reasonable by the directors in front of any portion of said property shall agree with the directors hereof to hold, sell and convey said land subject to conditions, restrictions, covenants, reservations, liens or charges set forth in a declaration of restrictions by such owner or owners approved by the Board of Directors of this corporation and the Art Jury, and such agreement and declaration are

hereafter recorded in the office of the Recorder of the County of Los Angeles, the Board of Directors of this corporation and the Art Jury shall have power to do and perform any and all of the acts and to fix, impose and collect charges, assessments and dues from the owners of lots in such property, on such lots, wholly and power as they may have for the said property. Owners and estate holders of such additional property shall be entitled to membership in Palms Verde Home Association with property rights and voting power upon the same basis and conditions as herein provided for owners and contract holders already under the jurisdiction of the Palms Verde Home Association and the Board of Directors of this corporation and the Art Jury shall therefore have and assume the enforcement of the regulations, conditions, covenants, restrictions, liens or charges created for the benefit of the owners of building sites in said last named property, or to which said building sites may at any time be subject.

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PROPERTY RIGHTS AND INTERESTS

Section 7. No member of this corporation shall have any right of property in any of the real or personal property held by, or in the possession and control of this corporation, except those persons who are members of this corporation at the time of its dissolution, and their rights shall be determined by the law then in force and effect. Each member of this corporation shall have such an interest in all the property owned by this corporation as is represented by the ratio of the number of votes to which said member is entitled to the total number of votes to which all members of this corporation are entitled; provided, however, that during the continuance and life of this corporation and renewal thereof, that no member of this corporation shall have the right of distribution of any real or personal property held by or in the possession or control of this corporation, provided, however, that those persons who are members of this corporation at the time of its dissolution may, upon said dissolution, be and become entitled to such property, as may be owned by this corporation and as may be subject to distribution among its members in proportion to their interests and property rights as above determined and according to the law then in force and effect.

**ARTICLE II
VOTING POWERS**

At all corporate meetings the voting power of the members of this corporation shall be unequal according to the following rules, to-wit:-

- (a) Except as provided in (d) of this paragraph, each member of this corporation shall have at least one vote at any meeting of the members of the corporation.
- (b) Except as provided in (d) of this paragraph, each member of this corporation holding legal title to more than one building site shall have the right as such member, at any meeting of the members of this corporation, to cast a number of votes equal to the total number of building sites, the title in which is held by him.
- (c) Except as provided in (d) of this paragraph, each person who is a member of this corporation by reason of being a purchaser of more than one building site located in any subdivision of the said property under a contract or contracts of purchase shall have the right to cast as many votes, at any meeting of the members of this corporation, as shall equal the total number of building sites covered by his contract or contracts.
- (d) When legal title to a building site is vested in, or subject to contract or agreement to convey to two or more persons in joint tenancy or otherwise, the several owners or purchasers of said building site shall collectively be entitled to one vote only therefor.

**ARTICLE III
CORPORATE POWERS**

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

**ARTICLE IV
THE BOARD OF DIRECTORS**

Section 1. The Directors shall be elected by secret ballot at the Annual Meeting of the members to serve in the first instance as follows: one for a period of one year, two for a period of two years and two for a period of three years, and to serve until their successors are elected. Their successors shall be elected for a term

ELECTION OF DIRECTORS

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of three years. The Board of Directors shall be the judge of the election and qualifications of its own members subject to review by the courts. Any member of the Board of Directors who shall have been convicted of a crime while in office shall thereby forfeit his office.

VACANCIES IN THE BOARD OF DIRECTORS
Section 2. Vacancies in the Board of Directors shall be filled by the remaining Directors when assembled as a Board and each appointee shall hold office until the next Annual or Special Meeting of the members thereafter at which time an election for the unexpired portion of the term shall be held.

POWERS OF DIRECTORS
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 valid building sites.

(b) To select from their own number a president and vice-president and to appoint and remove a secretary, building superintendent, manager, and as herein further provided one or more members of the Art Jury; but no director shall serve as any of such officers; and subject to the further provisions hereof, to adopt appropriate resolutions prescribing their duties, fixing their compensation and requiring 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 rulings not inconsistent with the laws of the State of California, or of the By-Laws of this corporation for the guidance of the officers and management thereof, provided that not less than one-fourth of the amount of the total annual maintenance charge or assessments, mentioned in Article I hereof, shall be appropriated and set aside for the maintenance and support of the Park and Recreation Board as hereinafter provided.

(d) To determine the rules of procedure, punish directors for misconduct and compel attendance of directors.

(e) To determine, levy and assess annually the maintenance charge or assessments mentioned in Article I hereof, and such other charges or fees as it may hereafter or hereinafter determine to be in the

best interest of the corporation, but never to exceed in any one year the total annual tax rate established for all purposes for the then current fiscal year by the City Council of the City of Los Angeles.

(f) To make all needed rules and regulations for the conduct of election, for the prevention of fraud in elections and for the removal 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 at least the legal title to at least one-half of the said building sites.

(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, amendment, or approval of any restrictions, conditions, covenants, reservations, liens or charges applicable to any property subject to the jurisdiction of this corporation, or applying for acceptance thereof.

ARTICLE V MEETINGS

Section 1. The annual meeting of the members shall be held in the City of Los Angeles, County of Los Angeles, on the second Tuesday in January 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 to be prepaid.

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

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Duties of Directors

Meeting of Members

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No meeting of members shall be convened to transact business unless the record holders of legal title to a majority of the said building, after being represented, except to adjourn from day to day or until such time as they be deemed present.

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

MEETINGS OF DIRECTORS Section 2. Regular meetings of the Directors shall be held on the second and fourth Wednesday of each month, at the office of this corporation at two o'clock, p.m. provided that the Board of Directors may change, by resolution, the day of holding the regular meeting. No notice of the regular meeting of the Board of Directors need be given. The President or any two 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 the time of meeting, or by serving personally such notice on each Director one day before such meeting. Such notices of notice shall be entered on the minutes of the corporation, and the said minutes, upon being read and approved at a subsequent meeting of the Board shall be conclusive upon the question of service.

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

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

**ARTICLE VI
REGULATIONS AND RESOLUTIONS**

The Board of Directors shall not only by the adoption of a regulation or a resolution; and all regulations and resolutions,

except regulations making appropriations, shall be confined to one subject which shall be clearly expressed in the title. 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 of the requirements of readings 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 eyes and noses 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. No Director shall be excused from voting except on matters involving the consideration of his own official conduct, or where his financial interests are involved. Provisions shall be made for the printing and publication in full of every regulation within thirty (30) days after its final passage.

**ARTICLE VII
THE RECALL**

Section 1. The Board of Directors or any Director may be removed from office by the members as herein provided.

PROCEEDINGS FOR FINING
RECALL
PETITION

Any member may make and file with the secretary an affidavit containing the name or names of the director or directors whose removal is sought and a statement of the grounds for removal. The secretary shall thereupon file with the member making such affidavit copies of petition blanks for such removal, printed forms of which he shall keep on hand. Such blanks shall be issued by the secretary with his signature and official seal thereon attached; they shall be dated and addressed to the director, shall contain the name of the person to whom issued, the number of blanks so issued, the name of the director or directors whose removal is sought. A copy of the petition shall be entered in a record book to be kept in the office of the secretary. The petition before being returned and filed shall be signed by members who are holders of record title of at least fifty (50) per cent of all of said building area owned by members and in every signature shall be added the place of residence of the signer, giving the street and number

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or other description sufficient to identify the place. Such signatures need not all be on one paper, but the circulator of every such paper shall make an affidavit that each signature appended to the paper is the genuine signature of the person whose name it purports to be. All such papers shall be filed as one instrument, with the undersigned director of the names and addresses of those persons designated as filing the same.

EXAMINATION AND AMENDMENT OF RECALL PETITIONS
Section 2. Within ten days after the filing of the petition the secretary shall ascertain whether or not the petition is signed by the requisite number of members and shall attach thereto his certificate showing the result of such examination. If his certificate shows the petition to be insufficient, he shall forthwith so notify in writing one or more of the persons designated on the petition as filing the same, and the petition may be amended at any time within ten days after the giving of said notice, by the filing of a supplementary petition upon additional petition papers, issued, signed and filed as provided herein for the original petition. The secretary shall, within ten days after such amendment, make like examination of the amended petition, and attach thereto his certificate of the result. If then found to be insufficient, or if no amendment was made he shall file the petition in his office and shall notify each of the persons designated thereon as filing it of the fact. The final finding of the insufficiency of a petition shall not prejudice the filing of a new petition for the same purpose.

CALLING OF RECALL ELECTION
Section 3. If the petition or amended petition shall be certified by the secretary to be sufficient he shall submit the same with his certificate to the Board of Directors at its next meeting, and shall notify the director or directors whose removal is sought of such action. The Board of Directors shall thereupon, within ten days of the receipt of the secretary's certificate, call a special members' meeting for the purpose of a recall election to be held not less than thirty nor more than forty-five days thereafter. Provided, that if an annual members' meeting is to occur within sixty days after the receipt of said certificate, the Board of Directors may in its discretion provide for the holding of the recall election on the date of such annual meeting.

Section 4. Unless the director or directors whose removal is sought shall have resigned within ten days after the receipt by the Board of Directors of the secretary's certificate the form of ballot at such election shall be as nearly as may be: "Shall A be recalled? Shall B be recalled?" etc., the name of the director or directors whose recall is sought being inserted in place of A, B, etc., and the ballot shall also contain the names of the candidates to be elected in place of the man recalled, as follows: "Candidates for the place of A, if recalled; candidate for the place of B, if recalled," etc., but the director or directors whose recall is sought shall not themselves be candidates upon such ballot.

In case of those voting for or against the recall of any director the members who are holders of record title of two-thirds (2/3) of all said building sites owned by members, shall vote in favor of recalling such director his shall be thereby removed, and in that event the candidate who receives the highest number of votes for his place shall be elected thereto for the balance of the unexpired term.

If the director or directors sought to be removed shall have resigned within ten days after the receipt by the Board of Directors of the secretary's certificate referred to in this section above herein, the form of ballot at the election shall be the same, as nearly as may be, as the form in use at an annual members' meeting.

ARTICLE VIII OFFICERS

The officers shall be a President, Vice-President, Secretary, Building Commissioner and Manager, which officers shall be elected by and hold office at the pleasure of the Board of Directors, except as provided herein; and a Park and Recreation Board, Planning Board, Health Board, and Art Jury as provided in these By-Laws.

ARTICLE IX PRESIDENT AND VICE-PRESIDENT

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, to serve for one year and until their successors are elected; 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

Form of Ballot to Recall Director

the Vice-Presidents, upon any cause, shall be unable to act, they shall appoint some other member of the Board to act, in whom shall be vested for the time being all the duties and functions of the office of President, or in his absence, or inability to act, the Vice-President, or, in the absence or inability to act of both the President and the Vice-President, the Director appointed as above provided, who:

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 Palos Verdes Homes Association for all ceremonial purposes and by the courts for serving civil processes.

ARTICLE X SECRETARY

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 the meetings.

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 sign after said corporate seal all papers requiring a seal.

3. To serve all notices required either by law or the Bylaws of the corporation, and in case of his absence, inability, refusal or neglect to do, then such notices may be served by any person thereunto directed by the President or Vice-President of the corporation.

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

ARTICLE XI

THE BUILDING COMMISSIONER

Section 1. The Department of Buildings shall be in charge of a Building Commission named by the Board of Directors to serve at their pleasure, who shall have full, sole and final authority to approve or disapprove for the name of said corporation and to issue Building Permits and Certificates of Completion and Compliance for any and all plans, specifications or construction work of any kind within the jurisdiction of said corporation, and shall inspect and supervise the construction of buildings and structures in or upon said property in accordance with the powers and rights conferred upon it by virtue of any and all restrictions or special agreements which may at any time be placed upon or with in connection with any of said property or any property over which this corporation shall have or accept jurisdiction.

Section 2. The Board of Directors shall provide for the safety of building construction by establishing and enforcing regulations for the granting of said Building Permits and Certificates of Completion and Compliance by the Building Commissioner and for making and collecting a charge therefor, including such provisions as are usually contained in city building codes; and to provide for light, air, ventilation, health, comfort, and convenience for the occupants of existing and/or hereafter erected buildings by establishing such regulations; and to usually included in city building, ventilation, plumbing, electric wiring and other codes or zoning regulations.

Section 3. The Building Commissioner shall keep records of all building permits and/or other approvals or disapprovals made or issued by and in the name of this corporation and furnish certified copies of any record which the Board of Directors may authorize to be furnished and, from time to time, to issue Certificates of Completion and Compliance covering respective parcels of property with respect to which buildings, structures, and/or other improvements or changes have been made, as herein provided.

Section 4. The Homes Association and every officer, board, or employee thereof, performing any act or acting, constructing, altering or maintaining any building,

Building Code

Records

FRUIT RUN
ASSOCIATION
Work

structure, improvement, work of art, etc. shall secure a Building Permit and a Certificate of Completion and compliance and approval of the Building Commissioner and/or the Art Jury, in the same manner as required of any private owner subject to the jurisdiction of the Home Association and the Art Jury.

Section 5. No building permit shall be issued by the Building Commissioner for any building or structure or any part thereof unless and until it conforms to all the their requirements of ordinances of the County of Los Angeles, California, applicable thereto, and to the California State Housing Act, State Tenement House Act, State Hotel and Lodging House Act, State Dwelling House Act, and all other State Acts and requirements as to housing and sanitation applicable to incorporated cities, and said laws and amendments thereto shall have the same force and effect as if properly were all within an incorporated city of the State of California, except such modifications and variations thereto as may be adopted by regulation by the Board of Directors. (As amended Nov. 14, 1923.)

**ARTICLE XII
THE MANAGER**

Tax Manager Section 1. The Manager shall be the chief executive officer of the corporation. He shall be chosen by the Board of Directors solely on the basis of his executive and administrative qualifications. The election shall not be limited to inhabitants of the said property. The Manager shall be appointed for an indefinite period. He shall be removable by the Board of Directors. If removed at any time after six months he may demand written charges and a public hearing on the same before the Board of Directors prior to the date on which his final removal shall take effect, but during such hearing the Board of Directors may suspend him from office. 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.

Powers and Duties of the Manager 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 shall make all appointments, except as otherwise provided in these Bylaws. Except when the Board

of Directors is considering his removal, he 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. The Manager shall prepare and submit to the Board of Directors the annual budget after receiving estimates made by the heads of the departments.

ARTICLE XIII

ADMINISTRATIVE DEPARTMENTS

Section 1. There shall be administrative departments as follows:

Law, works and utilities, safety and welfare, library, art finance, and a Park and Recreation Board, Planning Board, Health Board, and Art Jury, the functions of which shall be prescribed by the Board of Directors except as otherwise provided herein. The Board of Directors shall fix all salaries, which in the classified service shall be uniform for each grade, as established by the Service Commission, and the Board of Directors may, by a four-fifths vote, create new departments, combine or abolish existing departments or establish temporary departments for special work, except the Art Jury and the Park and Recreation Board and except as otherwise provided herein.

ANNUAL BUDGET
ADMINISTRATIVE DEPARTMENTS
CREATED

Section 2. At the head of the departments of law, works and utilities, safety and welfare, library, and finance, there shall be a director. Each director shall be chosen on the basis of his general executive and administrative experience and ability and of his education, training and experience in the class of work which he is to administer. The director of the department of law shall be a lawyer; of the library, a trained librarian; of works and utilities, an experienced and qualified engineer; of safety and welfare, a man who has had administrative experience; of finance, a man who has had experience in banking, or other financial matters; or in each case the person must have rendered active service in the same department in this or some other community. The manager may appoint an advisory Library Board, to serve at his pleasure and to advise and aid him and the librarians in library matters, and for other advisory boards.

DUTIES OF DIRECTORS OF DEPARTMENTS

DEPARTMENT DIRECTORS
RESPONSIBILITY OF DEPARTMENT DIRECTORS

Section 3. Each department director shall be appointed by the manager and may be removed by him at any time.

Section 4. The department directors and the various agents and officers thereof, except as otherwise provided herein, shall be jointly and severally responsible to the manager for the administration of their departments, and their advice in writing may be required by him on all matters affecting their departments. They shall prepare departmental estimates, which shall be open to public inspection, and they shall make all other reports and recommendations, concerning their departments at stated intervals or when requested by the manager. The Board of Directors, the manager, and any officer or board authorized by them, or either of them, shall have power to make investigations as to corporation affairs, and compel the production of books and papers.

Section 2. Said Board shall keep record of its proceedings and shall appoint a Secretary who shall not be a member of the Board and who shall hold office at the pleasure of the Board.

Section 3. The Park and Recreation Board shall also appoint a Landscape Architect, to advise the Board, and a Chief Executive Officer as superintendent under the Board who shall hold office at the pleasure of the Board and who shall in behalf of said Board and of this corporation have charge, supervision and control of all work and of all officers and employees under said Board and may dismiss any officer or employee under him except the Secretary and Landscape Architect of the Board by other consulting expert who may be called in to render special services.

Section 4. The Park and Recreation Board shall have power and it shall be its duty:

- (a) To define and adopt a system of parks, parkways, boulevards, playgrounds, recreation areas and open spaces for the use of the members of this corporation and the inhabitants of said land, and by and with the approval and authority by regulations of the Board of Directors, to lease, purchase, and/or otherwise acquire in the name of this corporation, lands for parks, parkways, playgrounds, recreation areas and/or common lands for general welfare and by and with the approval and authority by regulation of the Board of Directors to establish, change and/or re-establish the grade of any boulevard, parkway or other property under its supervision or control, and no change shall be made in the grade of any street subject to the jurisdiction of the Park and Recreation Board unless the Park and Recreation Board shall approve such change of grade.
- (b) To superintend, control and manage any and all parks, parkways, boulevards, playgrounds, open spaces and recreation areas, tennis courts, golf courses and/or club houses, swimming pools, bath houses, bathing beaches, boats, boat houses, life boat landings, life rafts, life guards, life saving apparatus, fishing piers, lagoons and holds for air craft, band stands, dancing pavilions, casinos, places of amusement, community buildings, aquariums, and in general community facilities appropriate

ARTICLE XIV

PARK AND RECREATION BOARD

Section 1. The Department of Parks, Boulevards, Forestry, Music and Recreation shall be under the control and management of a Board to be known as the Park and Recreation Board composed of the manager and three persons named by the manager, well known for their intelligence and integrity and whose term of office shall be for a period of three (3) years; provided, that the first members of said Board shall so choose themselves by lot that the term of one member shall expire at the end of one year, one at the end of two years, and one at the end of three years from the date of their first appointment, and at the expiration of the term of each member his successor shall be appointed by the manager for a term of three years from the date of expiration of the official term of his predecessor. Vacancies shall be filled by the manager for the unexpired portion of the term. Said commissioners shall serve without compensation. They shall elect their own officers, adopt their own rules and regulations and shall meet at least once a month. Two members of the Board shall constitute a quorum for the transaction of business and an affirmative vote of a least two appointed members shall be necessary to authorize any action of the Board.

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for the use and benefit of members and/or for the improvement and development of said property, grass plots and other areas, and all types of plantings, within the limits of streets, parkways, walks, or other easements or rights-of-way, or on school or other public grounds by arrangement with public authorities having jurisdiction therein, and except as otherwise provided herein all improvements in, on, or upon the same belonging to or under control of the corporation, and of such other grounds and thoroughfares as may upon the recommendation of the Park and Recreation Board be placed under the control and management of said Board and by and with the approval of the Board of Directors to construct, improve, repair, regulate and maintain the same in such manner as it may deem best, and to establish a width of sidewalks, walks, boulevards and parkways. And the Board of Directors shall, upon the recommendation of the Park and Recreation Board, pass regulations for the control and orderly government of the same, and other lands subject to the control, and prescribe penalties for the violation thereof. No building, structure, planting or improvement of any kind shall be erected, constructed, altered or maintained in, on, or upon any land or portion of said property within the jurisdiction of the Park and Recreation Board except with the approval and authority of the Park and Recreation Board; nor shall any land or any portion of said property be acquired or leased by the Home Association, nor any property now subject to the jurisdiction of the Park and Recreation Commission be at any time sold, conveyed, assigned, leased, encumbered, or in any way disposed of except with the approval of the Park and Recreation Board. No building or structure for any purpose other than a park purpose shall be erected, constructed, altered or maintained upon any land subject to the jurisdiction of the Home Association, when such land has been accepted for park purposes only.

(c) To plant or replant, trim, cut back, remove or replace, care for and/or maintain hedges, trees, shrubs, or flowers on vacant or unimproved lots in an other private property as far as may be permitted by the restrictions applicable thereto and thereby allowed, and to remove and/or burn stumps, weeds, or any unsightly or otherwise thing thereon.

(d) To make such agreement with county, township, state, national or other public officials, or with any corporation or individual, for and in behalf of the owners of said property and of this corporation, for a division of the work upon any property subject to the jurisdiction of the Park and Recreation Board or for the care, maintenance and improvement of the same, as will enable the Home Association to co-operate with the said officials, corporations or individuals to secure the greatest benefit to the said property or portions thereof.

(e) By and with the approval of the Board of Directors, to accept bequests and donations, and to take and hold title to real and/or personal property, and to administer and disburse and/or dispose of the same and/or to use the income and/or proceeds therefrom for the purposes for which it is established.

ARTICLE XV.

PLANNING BOARD

Section 1. There shall be a Planning Board of five members consisting of the Manager, the Director of Works and Utilities, and three members of the Home Association, one of whom may also be a member of the Park and Recreation Board, named by the Manager whose term of office shall be for a period of three years; provided that the first appointed members of said Board shall so elect themselves by lot that the term of one member shall expire at the end of one year, one at the end of two years and one at the end of three years from the date of their first appointment, and at the expiration of said term his successor shall be appointed by the Manager for a term of three years. Vacancies shall be filled by the Manager for the unexpired portion of the term. Said board members shall serve without compensation. They shall elect their own officers, adopt their own rules and regulations and shall meet at least once a month. Three board members, at least two of whom shall be appointed members, shall constitute a quorum for the transaction of business.

Section 2. The Planning Board shall appoint a Consultant in City Planning to advise the Board and a Secretary who shall have some knowledge of city planning. The Engineer of the Department of Works

SECRETARY
AND OTHER
EMPLOYEES

and Utilities shall also serve as Chief Engineer of the Planning Board, and it shall be his particular duty to make recommendations designed to bring all the engineering work of this corporation into harmony as parts of one comprehensive plan. The Planning Board shall have power to call upon any officer or department or board of this corporation at any time for information and advice, which in his opinion, will insure the efficiency of its work.

POWERS AND DUTIES OF THE PLANNING BOARD

Section 3. (a) The Planning Board shall have full and sole authority on behalf of this corporation to give approval in the name of the Home Association for such subdivision or re-subdivision plot or map of any property subject to the jurisdiction of the Home Association. Each such approval shall be notified to the Secretary of the Home Association who shall thereupon affix the official seal of the corporation.

(b) It shall be the duty of the Planning Board to keep itself informed of the progress of city planning in this and other counties, to make studies and recommendations for the improvement of the general plan of the Palms Verde region and vicinity with a view to the present and future movement of traffic, the convenience, amenity, health, recreation, general welfare, and other needs of this area dependent on such plan; to consider and report upon the design and their relation to the general plan, of all new public ways, lands, buildings, bridges, and all other public places and structures, of additions to and alterations in those already existing, and of the layout or platting of new subdivisions of this area or of territory adjacent thereto.

(c) All acts of the Board of Directors, officers or boards of this corporation affecting the general regional plan for Palms Verde Ranches or any part thereof, shall be submitted to the Planning Board for report and recommendations. The Board of Directors may at any time call upon the Planning Board to report with recommendations, and the Planning Board if of its own volition may also report to the Board of Directors with recommendations on any matter which in the opinion of either body, affects the general regional plan. Any matter referred by the Board of Directors to the Planning Board shall be acted upon by the Planning Board within thirty days of the date of reference, unless a longer or

shorter period is specified. No action by the Board of Directors involving any points hereinafter set forth shall be legal or binding until it has been referred to the Planning Board and until the recommendations of the Planning Board thereon have been accepted or rejected by the Board of Directors.

(d) The Planning Board shall submit to the Board of Directors an annual report summarizing the activities of the Planning Board for the fiscal year, the recommendations made by it to the Board of Directors during the year and the action of the Board of Directors during the year on any and all recommendations made by the Planning Board in that or former years. The annual report of the Planning Board shall also contain a program for improvements to the regional plan year by year during the three years next ensuing, with estimates of the cost thereof and recommendations as to how the cost shall be met.

ANNUAL REPORT

ARTICLE XVI

HEALTH BOARD

Section 1. The Department of Health shall be under the control and management of the Health Board composed of the Manager and three persons named by the Manager because of their special knowledge of public health and welfare matters, provided that at least one of said members shall be selected from a list of three persons nominated by the County Medical Society of Los Angeles County. The term of office of said members shall be for a period of three years, provided that the first members of said Board shall so classify themselves by lot that the term of one member shall expire at the end of one year, one at the end of two years and one at the end of three years from the date of their first appointment. And at the expiration of the term of each member his successor shall be appointed by the Manager for a term of three years from the date of expiration of the official term of his predecessor. Vacancies shall be filled by the Manager for the unexpired portion of the term. They shall elect their own officers, adopt their own regulations, and meet at least once a month.

Section 2. The Board shall appoint a Health Officer, who shall be a person well trained in matters of public health, and necessarily an inhabitant of said property.

HEALTH OFFICER

who shall act as Chief Executive Officer under the Board, hold office at the pleasure of the Board, and who shall in behalf of said Board and of this corporation have charge, supervision and direction of all work and of all officers and employees under said Board and may discharge any officer or employee under him. The Board shall have charge and control of the administration of all health and sanitation measures within the jurisdiction of said corporation.

ARTICLE XVII
THE ART JURY

Section 1. The Palos Verdes Art Jury appointed by Commonwealth Trust Company of Los Angeles, April 12, 1923, is hereby adopted, confirmed and established as the Art Jury of this corporation. The Art Jury shall have full jurisdiction over all lands and property over which Palos Verdes Homes Association has jurisdiction.

**APPROVAL OF
STREETS,
SUBDIVISIONS
AND GENERAL
PLANNING**

Section 2. No part of the said property and/or of any property at any time within the jurisdiction of the Art Jury or of Palos Verdes Homes Association shall be subdivided, laid out or improved by street work, buildings, structures, landscaping or planting, or its physical contours cut into, altered or changed, or any premises retained except with the approval of the Art Jury as to a uniform and reasonably high standard of artistic result and attractiveness, in exterior and physical appearance of said property and improvements; provided, that as to any original layout, subdivision and landscaping of the said property for Commonwealth Trust Company by Olynard Brothers, Landscape Architects of Brookline, Massachusetts, the Art Jury shall not have any jurisdiction or power of approval other than to make suggestions unless specifically requested to do so by Commonwealth Trust Company; and provided also that at the end of ninety days after submission by Commonwealth Trust Company to the Art Jury of a subdivision map or of any proposed declaration of additional restrictions covering any portion of the said property, legal title to which is held by Commonwealth Trust Company, the said map or declaration shall be deemed to have been given full and final approval by the Art Jury, regardless of any action by it in the interim.

Section 3. No building, fence, wall, sidewalk, steps, awning, tent, pole, or other structure, improvement, utility, parking or planting shall be erected, constructed, altered or maintained upon, under or above any portion of said property or of any property at any time within the jurisdiction of the Art Jury or of Palos Verdes Homes Association (except as provided in Section 2 hereof) unless plans and specifications therefor, including the exterior color schemes together with a block plan indicating location, shall have been submitted to, approved in writing by the Art Jury and a copy of such plans, specifications and block plans as finally approved deposited (or permanent record with the Art Jury. No alteration shall be made in the exterior color or design of any structure unless written approval of such alteration shall have first been obtained from the Art Jury. No sign of any kind or for any use shall be erected, posted or displayed upon or about any property under the jurisdiction of the Art Jury without the written approval of the Art Jury.

**APPROVAL
OF PLANS**

Section 4. No work of art shall become the property of Palos Verdes Homes Association, or of any corporation, organization or public or semi-public body which may succeed or be substituted for any of them, whether acquired by purchase, gift or otherwise, unless such work of art or a design of the same, together with a statement showing the proposed location of such work of art, shall first have been submitted to and approved in writing by the Art Jury; nor shall any work of art until so approved be contracted for, erected, placed in or upon, or allowed to extend over or under any street, avenue, square, park, recreation grounds, school or public buildings, or other public or semi-public property over which the Art Jury has jurisdiction. The Art Jury may, when it deems proper, also require a model of the proposed work of art, or a map, drawing or profile of any proposed site therefor. The term "work of art" as used in this section shall apply to and include all paintings, mural decorations, stained glass, statuary, bas-reliefs, tablets, sculptures, monuments, fountains, arches, entrance gateways, or other structures of a permanent character intended for ornament or commemoration. No work of art over which the Art Jury has jurisdiction shall be removed, relocated or in any way altered

**APPROVAL OF
WORKS OF ART**

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without the approval in writing of the Art Jury

CUSTODIAN OF ART WORKS

Section 5. The Art Jury shall be custodian of all works of art owned or accepted by Palms Verde Homes Association; and shall have sole charge of the care and preservation thereof and of such other works of art as it may accept charge of.

MEMBERSHIP

Section 6. (1) The Art Jury shall be composed of one member ex-officio named by Commonwealth Trust Company and of six other members appointed by Commonwealth Trust Company, of whom three shall be persons engaged in the practice of the fine arts in the instance of the first appointment selected from the membership of the Southern California Chapter of the American Institute of Architects and in case a vacancy among those three members occurs, Commonwealth Trust Company shall appoint his successor from a list of three persons engaged in the practice of the fine arts nominated by the Board of Directors of the Southern California Chapter of the American Institute of Architects. One member shall be a City Planner named by Commonwealth Trust Company and if a vacancy occurs as to this member Commonwealth Trust Company shall name his successor from a list of three City Planners, nominated by the Board of Directors of the American City Planning Institute. One member shall be appointed by Commonwealth Trust Company from a list of three persons nominated by the governing board of the University of California, Southern Branch, and one member shall be appointed by Commonwealth Trust Company from a list of three persons nominated by the Board of Directors of Palms Verde Homes Association.

(2) The six members of the Art Jury appointed by Commonwealth Trust Company shall in the first instance serve for one year and thereafter shall serve by lot terms of office as follows: Two for two years, two for two years, and two for three years and their successors shall be appointed by Commonwealth Trust Company for terms of three years each, except an appointment to fill a vacancy, which shall be for the unexpired portion of the term. In case any of the organizations entitled to make nominations, as heretofore provided, shall fail to make

such nominations within sixty days after written notification by Commonwealth Trust Company of the expiration of a term or the occurrence of a vacancy, Commonwealth Trust Company shall appoint a member to fill the vacancy upon its own nomination. Said appointees shall meet, organize and notify Commonwealth Trust Company and the Board of Directors of this corporation that the organization of the Art Jury has been effected and the duties thereof assumed, and furnish Commonwealth Trust Company and the Board of Directors with a certified copy of the rules of procedure. In the event that such appointees or any of them shall fail to accept said appointment Commonwealth Trust Company shall have the right to revoke such appointment, and to appoint any other person or persons in its judgment qualified to act as members of said Art Jury. If the Art Jury for any reason shall fail to meet and perform its duties for a period of thirty consecutive days, Commonwealth Trust Company may during the thirty days next thereafter remove one or all of the members and appoint any person or persons in its judgment qualified to act as members of said Art Jury in the place of the member or members so removed; provided appointees shall in all cases in number and qualifications fulfill as nearly as possible the provisions of paragraph (1) of this section as to membership.

(3) Any member of the Art Jury who shall be employed to execute a work of art or drawings of any kind requiring the approval of the Art Jury, or who shall take part in competition for such work of art or structure, shall be disqualified from voting thereon; and, in such instances the Art Jury may, in its discretion, invite an expert adviser to give his opinion as to such work of art or structure.

(4) On July 1, 1932, or at any time prior thereto, Commonwealth Trust Company may terminate the term of office and its own power of appointment of the ex-officio member of the Art Jury, by written notification to the President of Palms Verde Homes Association. On July 1, 1932, the right of Commonwealth Trust Company to appoint members of the Art Jury as provided in paragraph (1) of this section shall cease; or Commonwealth Trust Company prior to said date may resign and transfer said power of appointment to the President

of Palms Verde Homes Association, by notice thereof to him in writing. From and after said date or upon receipt of such notification or either of them, the President of Palms Verde Homes Association shall, as the case may be, become a member ex-officio of the Art Jury, as successor to the ex-officio member named by Commonwealth Trust Company and/or shall have power, as successor to Commonwealth Trust Company to appoint members thereof, as provided in paragraph (1) of this section, except as provided herein.

(5) The members of the Art Jury shall elect from their own number a President and Vice-President and shall adopt rules of procedure and prescribe regulations for submission of all matters within their jurisdiction. Four members shall constitute a quorum and shall have full power to act as the Art Jury during the period of any vacancy or vacancies in the membership thereof. The Art Jury shall designate and appoint a trust company to act as its Treasurer and to act as Trustee of all property of the Art Jury. The name of such Treasurer and of the Secretary shall be certified to Commonwealth Trust Company and to Palms Verde Homes Association.

ART JURY PURPOSES AND FUNDS

Section 7. Any funds available therefor may be used by the Art Jury to pay its members for time in attendance at meetings, and for other expenses which in its judgment are incidental to carrying out the purpose for which it is established, to enforce its decisions and rulings and/or to promote art education and community well-being. The Art Jury may accept bequests and donations of, and through its Trustees take and hold, title to real and/or personal property and shall have power to administer, improve, and/or dispose of the same and/or to use the income and/or proceeds therefrom for the purposes for which it is established. The Art Jury may file estimates of its annual budget needs with the Mayor and the Board of Directors and the Board of Directors shall carefully consider the same and may appropriate such sums for the Art Jury as to them may seem advisable.

REPORTS AND RECORDS

Section 8. The Art Jury shall, on or before the first of May of each year, make a written report to Commonwealth Trust Company and to Palms Verde Homes Association of its general proceedings, receipts and disbursements, during the preceding

calendar year and shall also furnish on written request by Commonwealth Trust Company or the Board of Directors a similar report covering any designated period.

(2) The Secretary of the Art Jury shall keep minutes of each approval, recommendation or other official act of the Art Jury and furnish certified copies of the result thereof, on request to any person, and the Art Jury may make a reasonable charge therefor. Said records shall be open to the public. The Secretary of the Art Jury or his duly authorized agent or deputy may at any time enter, inspect, and report upon any portion of said property as to its compliance with the provisions hereof, or as to the decisions of the Art Jury, or any officer or agent thereof shall not thereby be deemed guilty of any manner of trespass for such entry, and the Art Jury may authorize the Secretary thereof to issue a certificate of completion and compliance as to any property so inspected and to make and collect a reasonable charge therefor. In the absence of such certificate and after the expiration of one year from the date of approval by the Art Jury of plans of any structure or alteration, or of any matter requiring approval, the said structure or alteration or matter requiring approval shall, in favor of purchasers and encumbrancers in good faith and for value from the owner creating such structure to be erected or alteration to be made or matter approved, be deemed to be in compliance with all the provisions hereof, unless notice to the contrary shall appear of record in the office of the County Recorder of Los Angeles County.

ARTICLE XVIII FINANCIAL PROVISIONS

Section 1. The Director of Finance shall have direct supervision over the Department of Finance and the administration of the financial affairs of the corporation, including the keeping of accounts and financial records; the levy, assessment and collection of charges or assessments, and other fees and revenues (except as otherwise provided herein); the custody and disbursement of corporation funds and moneys and the deposit of the same in such bank or banks as the Board of Directors shall designate; the control over expenditures; and such other duties as the Board of Directors may, by regulation, provide.

THE DIRECTOR OF FINANCE

ACCOUNTS AND RECORDS Section 2. Accounts shall be kept by the Department of Finance showing the financial transaction for all departments of the corporation. Forms for all such accounts shall be prescribed by the Director of Finance with the approval of the manager; and shall be adequate to record all cash receipts and disbursements, all revenues accrued and liabilities incurred, and all transactions affecting the acquisition, custody, and disposition of values, and to make such reports of the financial transactions and conditions of the city as may be required by law or regulations of the Board of Directors. Financial reports shall be prepared for each quarter and each fiscal year, and for such other periods as may be required by the manager, or the Board of Directors.

ANNUAL BUDGET Section 3. Not later than one month before the end of each fiscal year the manager shall prepare and submit to the Board of Directors an annual budget for the ensuing year, based upon detailed estimates furnished by the several departments and other divisions of the corporation, according to a classification as nearly uniform as possible. The budget shall present the following information:

(a) An itemized statement of the appropriation recommended by the manager for current expenses and for permanent improvements for each department and board and each division thereof for the ensuing fiscal year, with comparative statements in parallel columns of the appropriations and expenditures for the current and next preceding fiscal year, and the increases or decreases in the appropriations recommended;

(b) An itemized statement of the charges or assessments required and of the estimated revenues of the corporation from all other sources for the ensuing fiscal year, with comparative statements in parallel columns of the receipts for the current and next preceding fiscal year, and of the increases or decreases estimated or proposed;

(c) A statement of the financial condition of the corporation and

(d) Such other information as may be required by the Board of Directors. Copies of the budget shall be available for distribution not later than two weeks after its submission to the Board of Directors; and a public hearing shall be given thereon by

the Board of Directors or a committee thereof before action by the Board of Directors.

Section 4. Not later than one week after the beginning of the fiscal year the Board of Directors shall pass an annual appropriation regulation, which shall be based on the budget submitted by the manager, except as provided in Article III hereof. The total amount of appropriations shall not exceed the estimated revenues of the corporation. Before the annual appropriation regulation has been passed, the Board of Directors, with the approval in writing of the manager, may make such appropriations for current department expenses, chargeable to the appropriations of the year when passed, to an amount sufficient to cover the necessary expenses of the various departments until the annual appropriation is in force. 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 under the provisions hereof or as otherwise provided herein. At any meeting after the passage of the appropriation regulation and after at least one week's public notice, 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 5. On or before the 15th day of October, in each year the Board of Directors shall, by regulation, fix and establish the amount of the annual maintenance charge or assessment mentioned in Article I hereof, necessary to meet the appropriations made (less the estimated amount of revenue from other sources).

Section 6. Money may be borrowed, in anticipation of the receipts from maintenance charges or assessments during any fiscal year, by the issue of notes or certificates of indebtedness; but the aggregate amount of such loans at any time outstanding shall not exceed twenty (20%) per cent of the receipts from maintenance charges or assessments during the preceding fiscal year.

APPROPRIATION
REGULATION
TEMPORARY
APPROPRIATIONS
TRANSFERS

FIXING THE
ANNUAL
MAINTENANCE
CHARGES

TEMPORARY
LOANS

[61]

PVHA070

COLLECTION AND CUSTODY OF MONIES

Section 7. All charges and assessments, and fees accruing to the corporation shall be collected by officers of the department of finance. All moneys received by any officer or employee of the corporation for or in connection with the business of the corporation shall be paid promptly into the corporation treasury, and shall be deposited with such responsible banking institutions as furnish such security as the Board of Directors may determine and shall agree to pay the highest rate of interest, and all such interest shall accrue in the benefit of the corporation. The Board of Directors shall provide by regulation for the prompt and regular payment and deposit of all moneys as required by this section; provided, however, that all funds received on account of the Art Jury or Park and Recreation Board shall be kept in separate accounts subject to the respective order of said boards.

CONTRACTS AND PURCHASES

Section 8. No continuing contract (which involves the payment of money out of the appropriations of more than two years) except public utility franchises shall be made for a period of more than ten years; and no such contract shall be valid without public hearing thereon.

Any work or improvement costing more than one thousand (\$1000.00) dollars shall be executed by contract, except where a specific work or improvement is authorized by the Board of Directors based on detailed estimates submitted by the department authorized to execute such work or improvement. All contracts for more than one thousand dollars shall be awarded to the lowest responsible bidder, after public advertisement and competition as may be prescribed by regulation. But the manager shall have the power to reject all the bids and to advertise again; and all advertisement shall contain a reservation of this right.

PAYMENT OF CLAIMS

Section 9. Payments by the corporation shall be made only upon vouchers certified by the head of the appropriate department or other division of the corporation, and by means of warrants on the corporation treasury issued by the Director of Finance and countersigned by the manager. The Director of Finance shall exempt all payrolls, bills and other claims and demands against the corporation and shall issue no warrants for payment unless he finds that the claim is in proper form, correctly com-

puted, and duly certified; that it is justly and legally due and payable; that an appropriation has been made therefor which has not been exhausted or that the payment has been otherwise legally authorized; and that there is money in the corporation treasury to make payment. He may require any claimant to make oath as to the validity of a claim, and for such purpose may examine witnesses under oath; and if he finds it fraudulent, erroneous, or otherwise invalid, shall not issue a warrant thereon.

AUDIT OF ACCOUNTS

Section 10. Upon the death, resignation, removal or expiration of the term of any officer of the corporation, other than the Director of Finance, the Director of Finance shall make an audit and investigation of the accounts of such officer, and shall report to the manager and Board of Directors.

As soon as practicable after the close of each fiscal year an annual audit shall be made of all the accounts of all the corporation's officers; and upon the death, resignation, removal or expiration of the term of the Director of Finance, an audit shall be made of his accounts. Such audit shall be made under the provisions of any law for the inspection and audit of corporation accounts; and by qualified public accountants, selected by the Board of Directors, who have no personal interest, direct or indirect, in the financial affairs of the corporation or of any of its officers or employees. The Board of Directors may at any time provide for an examination or audit of the accounts of any officer or department of the corporation.

PUBLICITY OF ACCOUNTS

Section 11. 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 from which might be secured information which might defeat the lawful purpose of the office or department withholding them from access to the members.

No Person Interested

Section 12. No member of the Board of Directors nor any officer or employee of the corporation shall have a financial interest, direct or indirect, in any contract with the corporation, or be financially interested, directly or indirectly, in the sale to the corporation of any land, materials,

PVHAG71

supplies or services, except on behalf of the corporation as a member of the Board of Directors, agent or employee; no officer or employee of a public utility operating on the Palos Verdes Peninsula shall be a member of the Board of Directors. Any willful violation of this section shall constitute misfeasance in office, and any member of the Board of Directors, officer, or employee found guilty thereof, shall thereby forfeit his office or position. Any violation of this section, with the knowledge, expressed or implied, of the person or corporation contracting with this corporation, shall render the contract involved voidable by the manager or the Board of Directors.

ARTICLE XIX BOOKS AND PAPERS

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

ARTICLE XX CERTIFICATE OF MEMBERSHIP

Certificate of membership shall be of such form and device as the Board of Directors may direct, and each certificate shall be signed by the President and by the Secretary, and express on its face its number, date of issuance, the description of the building sites for which, and the person to whom it is issued, and shall contain a statement that the property rights and interest in the corporation, evidenced by said certificate, shall be appurtenant to the building site therein described, and that the membership, represented by the certificate, shall be transferred only with a building site described in the certificate. If a certificate shall be lost or destroyed,

the Board of Directors may order a new certificate issued upon such guaranty by the parties claiming the same as the Directors may deem satisfactory.

ARTICLE XXI

TRANSFER OF MEMBERSHIP

Upon satisfactory evidence of such transfer of a building site the membership of the transferee shall be marked "assigned" on the books of the corporation as to the building site transferred, without requiring a surrender or cancellation of the transferor's certificate of membership and a new certificate of membership may thereupon be issued to such transferee.

If a certificate shall be lost or destroyed, the Board of Directors may order a new certificate issued upon such guaranty by the parties claiming the same as the Directors may deem satisfactory.

ARTICLE XXII

AMENDMENTS

The By-Laws may be repealed or amended or new By-Laws may be adopted at any meeting of the members by a vote representing two-thirds of all the said building sites owned by members, or by the Board of Directors when thereunto authorized at any meeting of the members, by a vote representing two-thirds of all the said building sites, or by the written assent of the record holders of the legal title to two-thirds of all the said building sites.

ARTICLE XXIII

SEAL

The corporation shall have a common seal, consisting of a circle, having conveniently arranged on said seal the words, "PALOS VERDES HOMES ASSOCIATION, California, Incorporated May, 1923."

WRITTEN ASSENT TO BY-LAWS

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, being the holders of more than two-thirds of the memberships of PALOS VERDES HOMES ASSOCIATION, a corporation under the laws of the State of California, and having its principal place of business in the City of Los Angeles, County of Los Angeles, in said State, hereby assent to the foregoing By-Laws contained on page 1 to page 27, both inclusive, of this "Book of By-Laws," and we hereby adopt the same as and for the By-Laws of said corporation.

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PVHA072

In WITNESS WHEREOF, we have hereunto subscribed our names this 25th day of June, 1923.

(Signed) JAY LAWREN,
JOHN C. LOW,
JAMES FREDERICK DAWSON,
I. H. COVERLEY,
M. V. BOAZ.

CERTIFICATE TO BY-LAWS

KNOW ALL MEN BY THESE PRESENTS That we, the undersigned, being and constituting a majority of the Directors, and the Secretary of PALOS VERDES HOMES ASSOCIATION, a corporation under the laws of the State of California, and having its principal place of business in the City of Los Angeles, County of Los Angeles, in said State, do hereby certify and declare that the above and foregoing By-Laws set forth and contained on pages 1 to 27, both inclusive, of this "Book of By-Laws," were duly made and adopted as and for the By-Laws of said corporation, and do now constitute and are the By-Laws thereof.

In WITNESS WHEREOF, we have hereunto subscribed our names this 25th day of June, 1923.

(Signed) JAY LAWREN,
JOHN C. LOW,
JAMES FREDERICK DAWSON,
I. H. COVERLEY,
M. V. BOAZ.

Attest:
M. V. BOAZ, Secretary.

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PVHA073

EXHIBIT "D"

EXHIBIT "D"

COPY

COPY

PALOS VERDES HOMES ASSOCIATION, a California corporation, in consideration of Ten Dollars (\$10.00) to it in hand paid, receipt of which is hereby acknowledged, does hereby GRANT TO

PALOS VERDES SCHOOL DISTRICT OF LOS ANGELES COUNTY

all that real property in the County of Los Angeles, State of California described as follows:

Lot T of Tract 6886, as per map recorded in Book 83, pages 77 to 80 inclusive, of Maps, records of said Los Angeles County, except that portion thereof already conveyed by Grantor herein to Grantee herein by deed dated June 24, 1927, and recorded in Book 4451, page 224, of Official Records of said Los Angeles County;

That portion of Lot T of Tract 6887, as per map recorded in Book 96, pages 28 to 32 inclusive, of Maps, records of said Los Angeles County, lying north of a line drawn parallel to the North line of Via Placoste at a distance of one hundred forty five (145) feet Northwardly therefrom;

Lot A of Tract 7144, as per map recorded in Book 103, pages 13 to 18 inclusive, of Maps, records of said Los Angeles County;

Lots A, B, C, and D of Tract 7331, as per map recorded in Book 102, pages 46 to 50 inclusive, of Maps, records of said Los Angeles County;

Lot B of Tract 7333, as per map recorded in Book 113, pages 72 to 75 inclusive of Maps, records of said Los Angeles County;

Lot C of Tract 7334, as per map recorded in Book 150, pages 12 to 16 inclusive, of Maps, records of said Los Angeles County;

Lots A, B, C, and D of Tract 7537, as per map recorded in Book 104, pages 12 to 15 inclusive, of Maps, records of said Los Angeles County.

SUBJECT TO State and County taxes now due and/or delinquent;

AND SUBJECT TO conditions, restrictions and reservations of record; and to the express condition that said realty shall not be used for any other purpose than for the establishment and maintenance of public schools, parks, playgrounds and/or recreation areas, and shall not be sold or conveyed except subject to conditions, restrictions and reservations of record and except to a park commission or other body suitably constituted by law to take, hold, maintain and regulate public parks and/or playgrounds; provided that easements may be granted over portions of said realty to the public for parkway and/or street purposes.

IN WITNESS WHEREOF, PALOS VERDES HOMES ASSOCIATION has caused this deed to be duly executed, by its officers thereunto authorized, this 7th day of December, 1938.

PALOS VERDES HOMES ASSOCIATION

President

Secretary

64/98/11

10/15/2001

COPY

COPY

STATE OF CALIFORNIA)
) SS:
COUNTY OF LOS ANGELES)

On this day of December, 1938, before me, Lillian Throne, a Notary Public in and for said County, personally appeared Donald Armstrong, known to me to be the President, and Everett H. York, known to me to be the Secretary, of Palos Verdes Homes Association, the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

Witness my hand and official seal.

Notary Public in and for the
County of Los Angeles,
State of California

APPROVAL of the foregoing proceedings is hereby given.

Done and signed this day of 1938
at Palos Verdes Homes Association

Witness my hand

10415/2013

54/86/11

4015101

FT/98/14

EXHIBIT "E"

EXHIBIT "E"

2
80'

FOR PREV. ASSM'T. SEE: 1601-2

CODE
7112

TRACT NO. 7331
M.B. 102-46-50

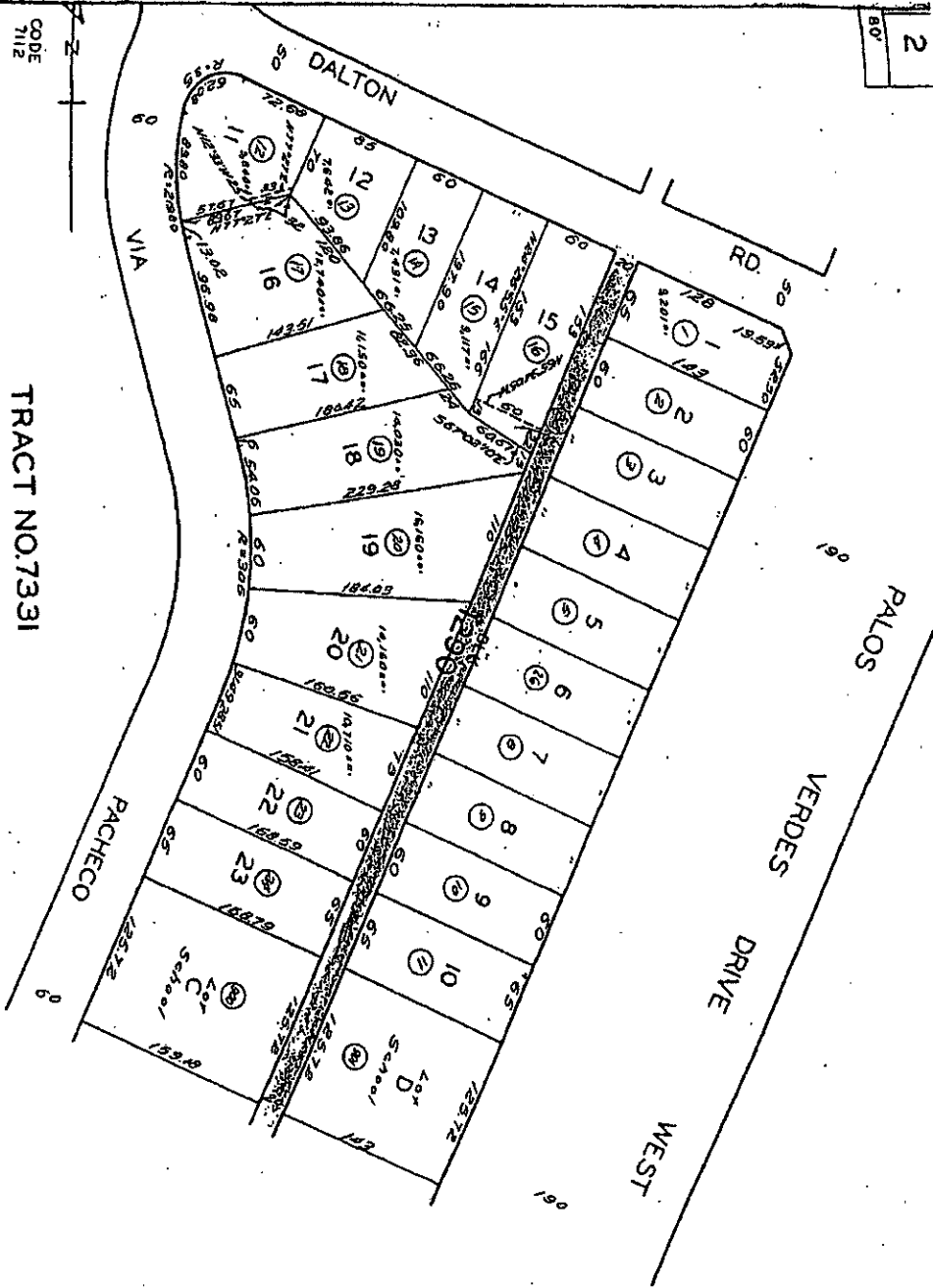
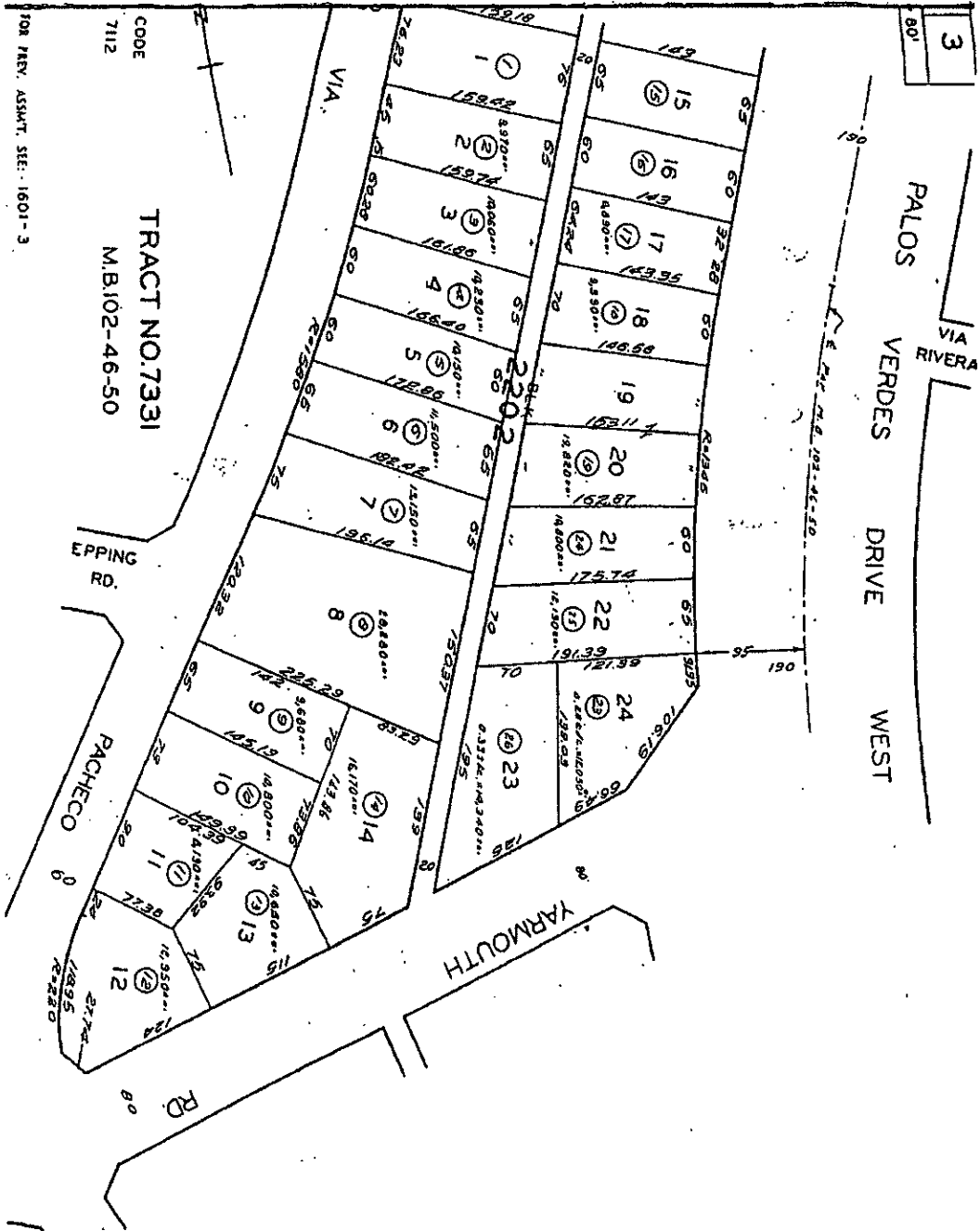


EXHIBIT. 1

64/86/ Adresson's MAP
COUNTY OF LOS ANGELES, CALI



CODE 7112
 TRACT NO. 7331
 M.B. 102-46-50

FOR REY. ASSM'T. SEE: 1601-3

PALOS VERDES DRIVE WEST
 VIA RIVERA

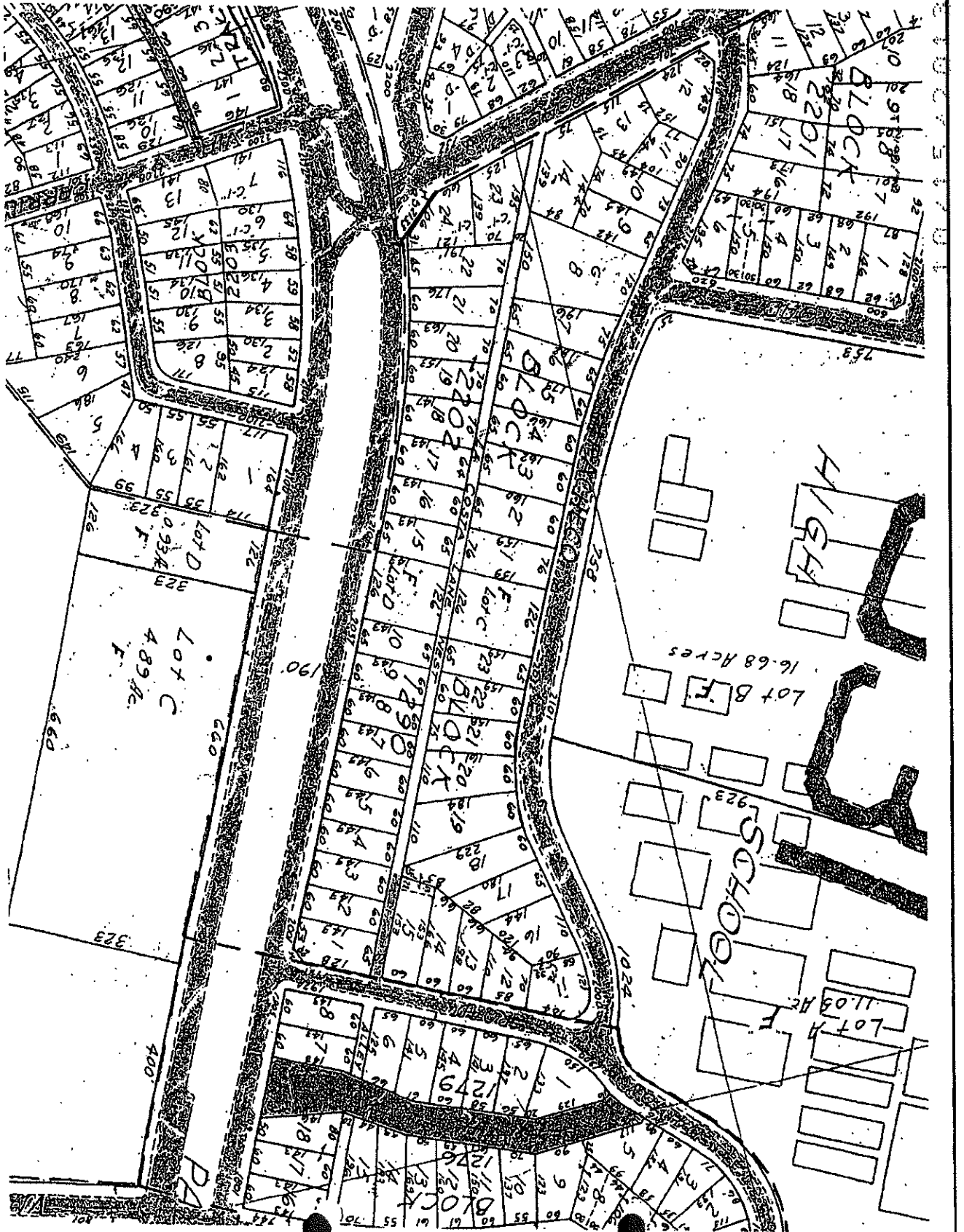
EPPING RD.

PACHECO RD.

YARMOUTH RD.

RECORDED
 12-22-59
 3-28-61
 2-25-65
 7-06-17
 7-08-16
 10-07-66

64766 ASSISOR'S MAP
 COUNTY OF LOS ANGELES, CALIF.



04/05/11

10/15/2013

EXHIBIT "F"

EXHIBIT "F"

Privileged and Confidential Pursuant to California Evidence Code Sections 1152 and 1154

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City Clerk
Palos Verdes Estates City Hall
40 Palos Verdes Drive West
Palos Verdes Estates, CA 90274

(Space Above Line For Recorder's Use Only)

RECORDING FEES EXEMPT PURSUANT
TO GOVERNMENT CODE SECTION 27383

City Clerk
(Seal)

MEMORANDUM OF UNDERSTANDING

AMONG

PALOS VERDES PENINSULA UNIFIED SCHOOL DISTRICT

PALOS VERDES HOMES ASSOCIATION, INC.

CITY OF PALOS VERDES ESTATES

AND

**THOMAS J. LIEB, TRUSTEE, THE VIA PANORAMA TRUST U/DO MAY 2, 2012,
TOGETHER WITH TRUSTS FOR THE BENEFIT OF RELATED PARTIES**

REGARDING

**RESOLUTION OF ENFORCEABILITY OF DEED RESTRICTIONS ON PROPERTY
OWNED BY PVPUSD AND OF ENCROACHMENT IN CITY PARKLAND NEAR 900
VIA PANORAMA AND DISPOSITION OF CERTAIN OPEN SPACE PROPERTIES
(LOTS C & D)**

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made and entered into by and among the PALOS VERDES PENINSULA UNIFIED SCHOOL DISTRICT ("School District"); The PALOS VERDES HOMES ASSOCIATION, a California corporation ("Homes Association"); the CITY OF PALOS VERDES ESTATES ("City"); and THOMAS J. LIEB, TRUSTEE, THE VIA PANORAMA TRUST U/DO MAY 2, 2012, TOGETHER WITH TRUSTS FOR THE BENEFIT OF RELATED PARTIES, the owners of 900 Via Panorama in Palos Verdes Estates ("Property Owners"), all of which are collectively referred to herein as the "Parties" or individually as "Party."

R E C I T A L S

WHEREAS, all properties within the City are subject to certain protective restrictions, commonly referred to as Covenants, Conditions & Restrictions or CC&Rs. Certain properties within the City are also subject to use restrictions based on requirements imposed on those properties in the grant deeds conveying the properties which limited the use of the properties to public schools, parks, playgrounds or recreation areas. Specifically, in 1925, the original developers of the Palos Verdes Peninsula conveyed to the Homes Association by grant deed (the "1925 Grant Deed") various lots subject to deed restrictions which limited the use of the properties to public schools, parks, playgrounds or recreations areas. In 1938, the Homes Association conveyed 13 properties ("1938 Conveyed Properties") in the City to the School District's predecessor-in-interest subject to the same use restrictions stated in the 1925 Grant Deed.¹

WHEREAS, two of the 1938 Conveyed Properties were Lots C & D of Tract 7331. Lot C is approximately 19,984 square feet and Lot D is approximately 17,978 square feet. Lots C & D are flanked on either side by houses located between 2032-2100 Via Pacheco and 2037-2101 Palos Verdes Drive West. Like all School District owned property in the City, Lots C & D are zoned OS (Open Space) and designated Class F pursuant to the use restrictions described above. The 1938 Grant Deed also included a right of reversion providing that ownership of Lots C & D could revert back to the Homes Association if the property was not used in compliance with the deed restrictions.

WHEREAS, to clarify the School District's rights with regard to Lots C & D, the School District filed a lawsuit against the City and the Homes Association, Los Angeles County

¹The 13 lots conveyed in the 1938 grant deed are grouped into seven properties. Those seven properties are commonly known to residents as (i) Malaga Cove Administration Center; (ii) Valmonte Early Learning Academy; (iii) Lunada Bay Elementary ; (iv) Palos Verdes High School; (v) Montemalaga Elementary; (vi) Margate (Palos Verdes Intermediate School and playing fields at Campo Verde) and (vii) via Zurita property (George Allen Field). In 1988, the via Zurita property was transferred from the District to the Homes Association and from the Homes Association to the City, so that it is currently under City ownership. However, the 1988 transfer establishes a reversionary interest in the District under certain circumstances.

Superior Court Case No. BC431020. The lawsuit has two causes of action. The first is to "quiet title" and is against only the Homes Association. That cause of action addresses whether the use restrictions on Lots C & D are still enforceable. The second cause of action is for declaratory relief and was against both the City and the Homes Association. The School District sought a court order declaring that (a) the Homes Association cannot prevent the subdivision of Lots C & D and (b) the School District is not subject to the City's ordinary hearing procedures for rezoning and subdivision applications and that Government Code section 65852.9 compels the rezoning and subdivision of Lots C & D without public hearing. The School District dismissed the City from this latter claim and applied to the City for rezoning.

WHEREAS, in the summer 2010, the School District applied to the City to re-zone Lots C & D from OS to R-1 in order to facilitate the sale of Lots C & D. The School District sought to take advantage of Government Code section 65852.9, which affords the School District the right to rezoning under certain circumstances. The City held a public hearing to consider the application and tabled the matter until the court determined whether the deed restrictions (which precluded residential development) were valid and enforceable.

WHEREAS, following approximately four and a half days of trial in spring 2011, on September 22, 2011, the trial court entered judgment ("Judgment") for the Homes Association in the School District's lawsuit. The Judgment is attached hereto as **Exhibit 1**. The trial court held, among other things, that the use restrictions contained in the 1925 Grant Deed and reiterated in the 1938 Grant Deed are valid and enforceable against the School District as to Lots C & D. The Court further held that Lots C & D remain subject to all applicable protective restrictions. As the prevailing party, the Homes Association was awarded costs of \$16,491.83. The Homes Association also filed a motion with the trial court seeking to recover \$291,701.25 in attorneys' fees. That motion was denied on February 14, 2012, which denial is appealable.

WHEREAS, while the Judgment is only applicable to Lots C & D, the Judgment additionally implies that all properties, including the 1938 Conveyed Properties owned by the School District by the 1938 Grant Deed remain subject to the restrictions set forth in the 1925 Grant Deed by which the properties were originally granted to the Homes Association. The Judgment also implies that all properties also remain subject to the restrictions set forth in the 1938 Grant Deed, including but not limited to the restriction that the properties may not be used for any purpose other than for the establishment and maintenance of public schools, parks, playgrounds or recreation areas which restrictions are valid and enforceable equitable servitudes against the Property. The 1925 Grant Deed and 1938 Grant Deed are attached as **Exhibit 2**. A school site in the Miraleste district within the city of Rancho Palos Verdes was also included in the 1925 deed, and conveyed to the School District in 1929. This MOU only affects the rights and obligations of the parties with respect to properties within the City of Palos Verdes Estates.

WHEREAS, the School District appealed the Judgment and that appeal is currently pending in the Second Appellate District Court bearing Case No. B237444. The Homes Association also filed a cross-appeal, which is currently pending in the same court. The Homes Association has the right to also file an appeal of the trial court's denial of its fee motion and

intends to do so. The initial lawsuit, appeal, cross-appeal, and attorneys' fees motion are collectively referred to in this MOU as the "Litigation."

WHEREAS, State law provides that the School Board may vote to exempt itself from compliance with the City's zoning regulations for classroom facilities under Government Code Section 53094, which may include athletic fields, under certain circumstances; and the City believes that outdoor institutional lighting warrants careful review to determine neighborhood compatibility and avoid any adverse land use impacts.

WHEREAS, the School District no longer intends to use Lots C & D for school, park, playground or recreation purposes.

WHEREAS, 900 Via Panorama ("Via Panorama Property") is owned by the Property Owners and located at the end of a cul-du-sac and is adjacent to City-owned parkland on three sides. To the North/Northwest of the Via Panorama Property, the prior owner installed a series of retaining walls to stabilize the Via Panorama Property. This installation was done without a permit. The Property Owners have applied to the City for an encroachment permit to allow the retaining walls to remain and be maintained by the Property Owners. To the West of the Via Panorama Property, in the area shown as Area A on the attached **Exhibit 3**, in City-owned parkland, the Property Owners landscaped and improved Area A, including placing a gazebo and other accessory, non-habitable structures. At the City's direction, Property Owners removed the structures encroaching on the City's parkland. Property Owners desire to make Area A part of the Via Panorama Property. Area A is approximately 75, 930 square feet and roughly equivalent in size and value to Lots C & D, although less useful as parkland because Area A is less accessible than Lots C & D. Having Lots C & D be restricted to open space is a key element of the City's General Plan.

WHEREAS, the Parties have reached agreement to achieve their respective goals and wish to memorialize the agreement in this MOU.

NOW, THEREFORE, based on the above recitals, the Parties do hereby agree as follows:

ARTICLE I – Purpose of MOU and Parties' Authority to Enter

- A. **Purpose of MOU:** The purpose of this MOU is to memorialize the Parties' agreement and create binding obligations which are intended to (1) reaffirm application of the use restrictions and protective restrictions on the 1938 Conveyed Properties owned by the School District in the City which were conveyed subject to use restrictions by the Homes Association, to the extent set forth herein; (2) create a mechanism for the Parties to resolve the Litigation without further expense; (3) subject future lighting on the athletic field for Palos Verdes High School ("PVHS") to the City's zoning regulations and the approval of the Homes Association, as set forth in the protective restrictions and described in Article II below; (4) resolve the encroachments into City parkland from the

Property Owners, including establishing responsibility for maintaining retaining walls and (5) establish Lots C & D as an open space area within the City.

- B. Authority to Enter into MOU:** The School District has the authority to enter into this MOU pursuant to the California Education Code. The Homes Association, through its Board, has authority to enter into this MOU by virtue of Article 3 of its by-laws. The City has authority to enter into this MOU, which is within the scope of its police powers. The Property Owners are authorized to act on behalf of the Via Panorama Family Trust pursuant to the trust instrument.

ARTICLE II – Obligations of the School District.

- A. Affirms application of all protective and use restrictions to the 1938 Conveyed Properties and agrees to process for application of deed restrictions as to all 1938 Conveyed Properties deeded to School District by Homes Association and owned by School District in the City.** To clarify the responsibility of the Parties, the School District agrees that the use and protective restrictions set forth in the Judgment and the grant deeds attached as **Exhibit 2** apply to properties owned by the School District, including, but not necessarily limited to, the 1938 Conveyed Properties in the City. However, as long as the School District is in compliance with its obligations under this MOU and does not exempt itself from the City's zoning regulations for the purpose of installing lights² on the athletic field at PVHS except as allowed under this MOU, the Parties agree that the process for School District use of the 1938 Conveyed Properties shall be consistent with the structural approval process followed by the School District and Homes Association regarding improvements to the 1938 Conveyed Properties prior to the Litigation. The past practice has been that the School District will give notice of its projects by providing a courtesy copy of the plans to the Homes Association for comment within 30 days or as far in advance as practicable.

With the exception of the use or installation of lights on the athletic field at PVHS without the consent of the City, the Homes Association agrees that it shall not exert jurisdiction or seek fees associated with School District improvements to any of the 1938 Conveyed Properties, or otherwise impede or restrict any improvements to any of the 1938 Conveyed Properties, as long as those improvements are consistent with the grant deed restriction in **Exhibit 2**. This MOU does not convey any additional rights on the Homes Association that are not specifically set forth in any applicable use restrictions. This MOU does convey certain procedural advantages to the School District that the School District acknowledges are afforded to the School District in consideration for and only so long as the School District does not install or otherwise use lights at PVHS without the consent of the City.

² For purposes of this MOU, "install" shall mean the use or installation of permanent or temporary lights.

- B. Agrees to subject lights at PVHS athletic field to City's zoning regulations and Homes Association approval process as set forth in the protective restrictions.** The School District has no present plans to install or use lights on the athletic field at PVHS, located in the City. Should the School District wish to use or install lights on the field at PVHS, notwithstanding state law which currently allows the School District to exempt itself from the City's zoning regulations under Government Code Section 53094 under certain circumstances and with respect to classroom facilities or any other contrary provision of law, the School District agrees that, with regard to athletic field at PVHS only, it will not utilize the exemption process under Government Code Section 53094. With regard to the athletic field at PVHS only, the School District will comply with requirements to obtain whatever permits or approvals are required by the then-current City zoning regulations and, notwithstanding any prior practice or any contrary provision of this MOU, obtain approval from the Homes Association before and as a prerequisite to installing or otherwise using any lights, whether temporary or permanent, on the athletic fields at PVHS. The required approval from the Homes Association will be in accordance with the process as set forth in the protective restrictions.

In the event that the School District is mandated to install or use lights at the PVHS athletic field in order to maintain its athletic programs or for any other reason ("Mandate"), the School District may, without penalty, exempt itself from the City's zoning regulations under Government Code Section 53094. For purposes of this MOU a Mandate is defined as a requirement, rule or other obligation applied by the California Department of Education ("CDE"), California Interscholastic Federation ("CIF") or any other entity that has jurisdiction over School District athletic programs or School District facilities and programs in general, but which is not the School District itself or any entity to which the School District directly appoints members or representatives and which Mandate is also applicable to other similarly situated districts and may not be satisfied by any equivalent alternative field or other reasonable means.

Should the School District install lights at the PVHS athletic field, as alternative consideration for this MOU, the School District shall pay to the City an amount equal to the appraised value of Lots C & D as of the date of this MOU. Such amount shall be paid to the City within 10 days of the filing of a Notice of Completion for the installation of the lights at the PVHS athletic field.

Should the School District install lights at the PVHS athletic field, the Homes Association may enforce compliance with the protective restrictions, including but not limited to, exerting jurisdiction and imposing fees associated with School District improvements relating to the lights and any other improvements to all and any 1938 Conveyed Properties.

- C. Reversion of Lot C & D's Ownership to Homes Association.** The trial court found that the use restrictions in the 1925 and 1938 Deeds are valid and enforceable against the School District. The 1925 Grant Deed by which the 1938 Conveyed Properties were

originally granted to the Homes Association originally included a right of reversion if Lots C & D were not used in compliance with the deed restrictions. Thus, the Parties agree that Lots C & D will revert back to the Homes Association, pursuant to the terms of this MOU. The School District and Homes Association will execute and deliver any necessary documents to effectuate that end. The reversion shall occur on the Closing Date, as defined below.

- D. Dismisses appeal and allows Judgment to be final.** Within 10 days of the close of escrow on the transfer of Lots C & D to the Homes Association ("Closing Date"), School District shall file with the court a request to dismiss the appeal and cause the Judgment to be final.

ARTICLE III – Obligations of the Homes Association

- A. Dismisses cross-appeal and any appeal concerning attorneys' fees motion.** Within 10 days of receipt of the School District's request to dismiss its appeal and cause the Judgment to be final, the Homes Association shall file with the Court of Appeal a request to dismiss its cross-appeal and appeal of the Court's denial of the Homes Association's attorneys' fees motion, if filed by that date.
- B. Land Exchange.** Concurrent with the Closing Date, the Homes Association shall exchange with the City ownership of Lots C & D for ownership of Area A.
- C. Transfer \$100,000 to City to defray the costs of maintenance of Lots C & D or other open space.** Within 5 days of the sale of Area A, Homes Association shall pay City \$100,000 to compensate the City for the cost of maintenance of Lots C & D and other costs incurred in connection with the matters that are the subject of this MOU, which funds may be used for any municipal purpose.
- D. Sale of Area A.** The Homes Association shall sell Area A, subject to the use restrictions set forth in **Exhibit 3**, to the Property Owners for \$500,000, concurrent with the Closing Date.
- E. Warranty of title transferred.** As of the date of the transfer of Area A, the Homes Association represents and warrants to Property Owners that the condition of Area A does not violate any recorded covenant, condition or declaration enforceable by the Homes Association, which could allow the exercise of any reversionary interest to the Homes Association in Area A.

ARTICLE IV – Obligation of the City

- A. Exchange Area A (subject to the deed restrictions in Exhibit 4) for C & D with Homes Association, concurrent with the Closing Date.**

ARTICLE V – Obligations of the Property Owners

- A. **Apply for after-the-fact permits for retaining walls installed by Property Owners' predecessor-in-interest.** Property Owners shall apply for planning approvals and city permits to allow them to maintain the retaining walls located as shown on **Exhibit 3**.
- B. **Obtain an appraisal of Lots C& D and of Area A.** In order to effectuate the property transfers contemplated by this MOU, prior to the land exchange between the City and the Homes Association, Property Owners shall obtain appraisals of Lots C & D and Area A, which appraisals shall meet the standards required by the City.
- C. **Purchase Area A.** Property Owners shall purchase Area A from the Homes Association for \$500,000. Area A shall be subject to deed restrictions as set forth in substantial form in **Exhibit 4**.

ARTICLE VI – Litigation Stay; no admission; other lawsuits

- A. **Stay litigation:** Implementation of some of the obligations of this MOU will require preparation of legal documents and, in some cases, action by bodies subject to state open meeting laws or other constraints that will require time. The Parties do not wish to incur any unnecessary legal fees or other litigation costs while this MOU is being implemented. To that end, the Parties agree to cooperate in requesting, if necessary, that the Court stay the current Litigation described herein by filing an appropriate stipulation to stay the Litigation for 90 days. Nothing herein shall prohibit a Party from perfecting or preserving any appeal rights while the Parties are performing their obligations under this MOU.
- B. **No Admission:** The entry into this MOU by the Parties shall not be construed to represent any admission by any Party with respect to the subject or sufficiency of any Party's claims or any defenses thereto, except to the extent provided herein.
- C. **Other Lawsuits:** The Parties represent that other than the Litigation described herein, there are no other lawsuits filed between or among them involving the subject matter of this MOU.

ARTICLE VII – Term of MOU

- A. **Term of MOU:** The term of this MOU shall begin upon its approval by the Parties and shall remain in effect, unless terminated earlier. During the term of this MOU, the Parties agree to negotiate, in good faith, modifications to the MOU that may be reasonably necessary to assure implementation of the obligations of the Parties set forth in this MOU.
- B. **Termination:** This MOU may be terminated by any Party, prior to the recording of the MOU only, by giving written notice in accordance with the notice provisions in Article

VIII(A) hereof. Termination by the City or School District shall be effective only upon a duly noticed public meeting conducted by the City or the School Board. Prior to any termination becoming effective the terminating Party shall cooperate with the non-terminating Parties to wind down any transactions related to this MOU and agrees to execute and deliver all such documents and instruments as may be necessary and appropriate to effectuate the termination of this MOU and resolution of any ongoing transactions related to this MOU.

C. **Timing of obligations:** The Parties will act in good faith to meet this timeline. The timeline is estimated to be:

- Closing Date: School District transfers Lots C & D to Homes Association
Homes Association exchanges Lots C & D with City for City's Area A
Homes Association sells Area A to Property Owner
- Within 5 Days of Closing Date: Homes Association pays City \$100,000.00
- Within 10 days of Closing Date: All Parties dismiss any pending Litigation

ARTICLE VIII – General Provisions

A. **Notices:** Any notices or other communication required or permitted by this MOU shall be in writing and shall be delivered to the Representatives of the Party at the addresses set forth below. Parties shall promptly notify each other of any change of contact information provided below. Written notice shall include notice delivered via email. A notice shall be deemed to have been received on (a) the date of delivery, if delivered by hand during regular business hours, or by confirmed facsimile or by email; or (b) on the third business day following deposit in the United States mail, postage prepaid to the addresses set forth below:

To the School Board:

Walker Williams
Palos Verdes Peninsula Unified School District
375 Via Almar
Palos Verdes Estates, CA 90274
310-896-3408
williamsw@pvpusd.k12.ca.us

and

Terry Tao
Chief Counsel
Atkinson, Andelson, Loya, Ruud & Romo
12800 Center Court Drive, Suite 300
Cerritos, CA 90703
562-653-3200
ttao@aalrr.com

To the Homes Association:

Palos Verdes Homes Association
320 Palos Verdes Drive West
Palos Verdes Estates, CA 90274
pvha.aj@verizon.net

and

Sidney F. Croft
3858 Carson #127
Torrance, CA 90503
(310) 316-8090
sfcroftlaw@aol.com

and

Andrew S. Pauly, Esq.
Andrew J. Haley, Esq.
Greenwald, Pauly, Foster & Miller
A Professional Corporation
1299 Ocean Avenue, Suite 400
Santa Monica, CA 90274
Phone: (310) 451-8001
Fax: (310) 395-5961
Email: apauly@gpfm.com
Email: ahaley@gpfm.com

To the City:

Judy Smith
City Manager
City of Palos Verdes Estates
40 Palos Verdes Drive West
Palos Verdes Estates, CA 90274
Phone: (310) 378-0383
Fax:
Email: jsmith@pvestates.org

and

Christi Hogin
Jenkins & Hogin, LLP
1230 Rosecrans Avenue, Suite 110
Manhattan Beach, CA 90266
Phone: (310) 643-8448
Fax: (310) 643-8441
Email: chogin@localgovlaw.com

To Property Owners:

Thomas J. Lieb
25550 Hawthorne Blvd.
Torrance, CA 90505

- B. Relationship of the Parties:** The Parties are and shall remain at all times as to each other, wholly independent entities. No Party to this MOU shall have power to incur any debt, obligation, or liability on behalf of another Party or otherwise act as an agent of another Party except as expressly provided to the contrary by this MOU.
- C. Cooperation, Further Acts:** Parties shall cooperate fully with one another to attain the purposes of this MOU.
- D. Amendments:** All amendments must be in writing, approved and executed by all Parties.
- E. Reservation of Rights:** Each Party shall be solely responsible and liable in connection with its actions associated with its responsibilities under this MOU. For purposes of this MOU, the relationship of the Parties is that of independent entities and not as agents of each other or as joint venturers or partners. The Parties shall maintain sole and exclusive control over their personnel, agents, consultants, and operations. Nothing in this MOU is intended to limit the legal authority or responsibilities of the Parties, except as agreed to herein.
- F. Third Parties:** Nothing in this MOU is intended to create duties or obligations to or rights in third parties to this MOU.
- G. Dispute Resolution:** The Parties agree to attempt to informally resolve any disputes that arise with respect to this MOU prior to terminating the MOU by notifying the other Party if a dispute arises and identifying the issues in dispute. Each Party reserves its rights if informal dispute is not effective.
- H. Governing Law:** This MOU is governed by, interpreted under and construed and enforced in accordance with the laws of the State of California.
- I. Authorized signatures:** The Parties hereby represent and warrant that their respective signatory of this MOU is duly authorized to execute and bind the agency for which he or she signs.
- J. Time is of the Essence:** Time is of the essence in the performance of and compliance with each of the provisions and conditions of this MOU.
- K. Counterparts:** This MOU may be executed in counterparts and all such executed counterparts shall constitute one MOU which shall be binding upon all of the Parties, notwithstanding that all of the Parties are not signatories to the original or same counterpart. For purposes of this MOU, a faxed or emailed signature on a counterpart

shall be fully binding as though it was an original signature; provided, however, that the Parties shall provide original-ink signed signatures of the documents referenced herein that are intended to be recorded.

- L. **Binding Agreement; Successors and Assigns:** This MOU shall be binding on all Parties. This MOU shall be binding upon and inure to the benefit of the successors and assigns of the Parties.
- M. **Entire Agreement:** This MOU sets forth in full the terms of agreement between the Parties and is intended as the full, complete and exclusive contract governing the subject matter of this MOU. This MOU supersedes all other discussions, promises, representations, warranties, agreements and understandings between the Parties with respect to the subject matter hereof.
- N. **Right to Cure:** In the event that any party believes that another materially has breached any obligations under this MOU, such party shall so notify the breaching party in writing. The breaching party shall have thirty days from the receipt of notice to cure the alleged breach and to notify the non-breaching party in writing that cure has been effected.
- O. **Legal Counsel.** Each of the parties to this MOU has received independent legal advice from such Party's respective attorneys with respect to the advisability of executing this MOU. The Parties are entering into this MOU wholly of their own free will and volition.

IN WITNESS WHEREOF, the Parties to this MOU have caused this MOU to be executed on their behalf as of the date specified below, respectively, as follows:

FOR THE SCHOOL DISTRICT:

Dated: _____, 2012

Walker Williams, Superintendent

APPROVED AS TO FORM:

Terry Tao, General Counsel


shall be fully binding as though it was an original signature; provided, however, that the Parties shall provide original-ink signed signatures of the documents referenced herein that are intended to be recorded.

- L. **Binding Agreement; Successors and Assigns:** This MOU shall be binding on all Parties. This MOU shall be binding upon and inure to the benefit of the successors and assigns of the Parties.
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- N. **Right to Cure:** In the event that any party believes that another materially has breached any obligations under this MOU, such party shall so notify the breaching party in writing. The breaching party shall have thirty days from the receipt of notice to cure the alleged breach and to notify the non-breaching party in writing that cure has been effected.
- O. **Legal Counsel.** Each of the parties to this MOU has received independent legal advice from such Party's respective attorneys with respect to the advisability of executing this MOU. The Parties are entering into this MOU wholly of their own free will and volition.

IN WITNESS WHEREOF, the Parties to this MOU have caused this MOU to be executed on their behalf as of the date specified below, respectively, as follows:

FOR THE SCHOOL DISTRICT:

Dated: May 14, 2012

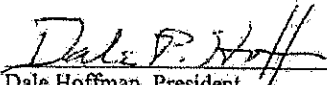

Walker Williams, Superintendent

APPROVED AS TO FORM:

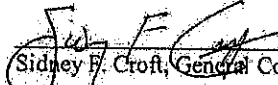

Terry Tao, General Counsel

FOR THE HOMES ASSOCIATION:

Dated: May 4, 2012


Dale Hoffman, President

APPROVED AS TO FORM:


Sidney F. Croft, General Counsel

FOR THE CITY:

Dated: _____, 2012

George F. Bird, Jr., Mayor

ATTEST:

Judy Smith

APPROVED AS TO FORM:

Christi Hogin, City Attorney

FOR THE HOMES ASSOCIATION:

Dated: _____, 2012

Dale Hoffman, President

APPROVED AS TO FORM:

Sidney F. Croft, General Counsel

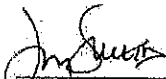
FOR THE CITY:

Dated: _____, 2012



George F. Bird, Jr., Mayor

ATTEST:



Judy Smith

APPROVED AS TO FORM:



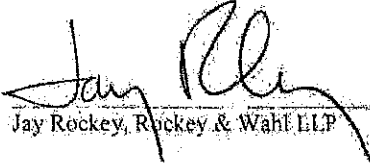
Christi Hogin, City Attorney

FOR THE PROPERTY OWNERS:

Dated: 5/9/2012, 2012

Thomas J. Lieb, Trustee,
the Via Panorama Trust w/ do May 2, 2012

APPROVED AS TO FORM:


Jay Rockey, Rockey & Wahl LLP

* SEE ATTACHED ACKNOWLEDGMENT
5/9/12

ACKNOWLEDGMENT

State of CALIFORNIA

County of LOS ANGELES

On 5/7/12, before me, MATTHEW T. BOHNER - NOTARY PUBLIC
(insert name and title of the officer)

personally appeared Jay D. ROCKEY who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/het/their authorized capacity(ies), and that by his/het/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the law of the State of CALIFORNIA that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

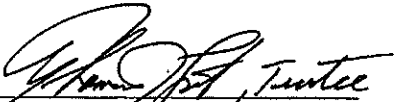
Signature Matthew T. Bohner

(Seal)



FOR THE PROPERTY OWNERS:

Dated: _____, 2012


Thomas J. Ljeb, Trustee,
the Via Panorama Trust w/do May 2, 2012

APPROVED AS TO FORM:

Jay Rockey, Rockey & Wahl LLP

State of California)

County of LOS ANGELES)

On 5/2/2012 before me, IRMA MARQUEZ, a Notary Public in and for said State, Thomas J. Lieb, Trustee, personally appeared, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Irma Marquez*



(This area for notary stamp)

EXHIBIT "G"

EXHIBIT "G"

IMPORTANT NOTICE

ATTENTION MEMBERS

In accordance with the By-laws, Article V, Section 1, the Palos Verdes Homes Association will conduct its ninetieth Annual Meeting on Tuesday, January 12, 2016 at 8:00 PM in the Council Chambers of the Palos Verdes Estates City Hall.

"It is important that you return your Member Verification to ensure a quorum at this meeting, even if you choose not to vote."



**PALOS VERDES
HOMES ASSOCIATION**

ANNUAL MEETING BALLOT INSTRUCTIONS

Note there are three ways to vote this year.

Please follow these procedures to vote by mail:

1. Vote the ballot below. You may vote for up to five directors.
2. Sign the Member Verification section and detach from this sheet.
3. Insert the Ballot in the Ballot Envelope.
4. Insert the Ballot Envelope and the signed Member Verification in the Business Reply Envelope printed with the return address of the Palos Verdes Homes Association.
5. Mail to the office by January 8, 2016 or hand deliver before the 8:00 PM meeting, January 12, 2016.

Please follow these procedures to vote by fax:

1. Vote the ballot below and sign the Member Verification.
2. Do not detach the Member verification.

Fax this entire page to 310 373-9116 before the 8:00 pm meeting, January 12, 2016

Please follow these procedures to vote by email:

1. Vote the ballot and sign the Member Verification. Do not detach the Member verification.
2. Scan the entire page and email to: annualmtg@pvha.org before the 8:00 pm meeting, January 12, 2016.

PLEASE NOTE: Members waive their right to a secret ballot when voting by fax or email

YOUR VOTE IS IMPORTANT, PLEASE TAKE THE TIME TO RETURN THE BALLOT AND THE MEMBER VERIFICATION

BOARD OCCUPANCY		DIRECTORS BALLOT PVHAMEMBER	(yrs)	YES	NO
Edward Fountain	2004	47 years	2 years	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mark Paullin	2002	37 years	2 years	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Philip J. Frings	1997	32 years	1 year	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Dale Hoffman	2010	43 years	3 years	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Carol Swets	2015	34 years	3 years	<input checked="" type="checkbox"/>	<input type="checkbox"/>
W. Richard Fay	-	32 years	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jennifer Laity	-	26 years	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Michael Moody	-	34 years	TBD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
L. Ried Schott	-	10 years	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>

DO NOT RETURN THE
BALLOT AND MEMBER
VERIFICATION AFTER
JANUARY 12, 2016.

PLEASE RETURN IN THE POSTAGE PAID ENVELOPE OR FAX THIS ENTIRE PAGE TO 310-373-9115 OR SCAN AND EMAIL TO ANNUAL.MTG@PVHA.ORG

You are hereby notified pursuant to California Civil Code Section 13649 that any action of action in law arising by reason of an ownership interest in a common area can be brought only against the Association and not against individual members. The Association maintains and has in effect policies of insurance, which includes coverage for general liability of at least three million dollars (\$3,000,000.00).

MEMBER VERIFICATION

Sign your name (s) below

Homeowner Name: _____
Street: _____
Palos Verdes Estates, CA 90274
Date: _____

Email Address below

Important: This Verification must be returned with the Ballot.
This supersedes any previous ballots signed by this homeowner.

EXHIBIT "H"

EXHIBIT "H"

IMPORTANT NOTICE

ATTENTION MEMBERS

In accordance with the By-laws, Article V, Section 1, the Palos Verdes Homes Association will conduct its ninety first Annual Meeting on Tuesday, January 12, 2016 at 8:00 PM in the Council Chambers of the Palos Verdes Estates City Hall

It is important that you return your Member Verification to ensure a quorum at this meeting, even if you choose not to vote for individual directors.

ANNUAL MEETING BALLOT INSTRUCTIONS

Nota there are three ways to vote this year

Please follow these procedures to vote by mail:

1. Vote the ballot below. You may vote for up to five directors.
2. Sign the Member Verification section and detach from this sheet.
3. Insert the Ballot in the Ballot Envelope.
4. Insert the Ballot Envelope and the signed Member Verification in the Business Reply Envelope printed with the return address of the Palos Verdes Homes Association.
5. Mail to the office by January 8, 2016 or hand deliver before the 8:00 PM meeting, January 12, 2016

Please follow these procedures to vote by fax:

1. Vote the ballot below and sign the Member Verification
2. Do not detach the Member verification.
3. Fax this entire page to 310-373-9115 before the 8:00 pm meeting, January 12, 2016

Please follow these procedures to vote by email:

1. Vote the ballot and sign the Member Verification. Do not detach the Member verification
2. Scan the entire page and email to: annualmtg@pvha.org before the 8:00 pm meeting, January 12, 2016.

PLEASE NOTE: Members waive their right to a secret ballot when voting by fax or email

**YOUR VOTE IS IMPORTANT. PLEASE TAKE THE TIME TO RETURN THE BALLOT AND THE MEMBER VERIFICATION.
VOTE YES FOR UP TO FIVE NOMINEES BELOW:**

DIRECTORS BALLOT

BOARD OCCUPANCY	PVHA MEMBER	TERM	YES	NO
Edward Fountain	2004	47 years	2 years	<input type="checkbox"/> <input type="checkbox"/>
Mark Paulin	2002	37 years	2 years	<input type="checkbox"/> <input type="checkbox"/>
Phillip J. Frengs	1997	32 years	1 years	<input type="checkbox"/> <input type="checkbox"/>
Dale Hoffman	2010	43 years	3 years	<input type="checkbox"/> <input type="checkbox"/>
Carol Swels	2015	34 years	3 years	<input type="checkbox"/> <input type="checkbox"/>
W. Richard Fay	-	32 years	TBD	<input type="checkbox"/> <input type="checkbox"/>
Jennifer Lally	-	28 years	TBD	<input type="checkbox"/> <input type="checkbox"/>
Michael Moody	-	34 years	TBD	<input type="checkbox"/> <input type="checkbox"/>
L. Ried Schott	-	10 years	TBD	<input type="checkbox"/> <input type="checkbox"/>

PLEASE RETURN IN THE POSTAGE PAID ENVELOPE OR FAX THIS ENTIRE PAGE TO 310-373-9115 OR SCAN AND EMAIL TO ANNUALMTG@PVHA.ORG

DO NOT RETURN THE BALLOT AND MEMBER VERIFICATION AFTER JANUARY 12, 2016.

You are hereby notified pursuant to California Civil Code Section 1945.9 that any cause of action in tort arising by reason of an ownership interest in a common area can be brought only against the Association and not against the individual members. The Association maintains and has in effect policies of insurance, which includes coverage for general liability of at least three million dollars (\$3,000,000.00).

MEMBER VERIFICATION

Homeowner Name: _____

Sign your name(s) below

Street _____

City _____

Date _____

Email Address below

**Important: This verification must be returned with the Ballot.
This supersedes any previous ballots signed by this homeowner.**

ROBE

Residents for Open
Board Elections
For more info, see:
www.pvegov.org

This is not an official ballot prepared by PVHA. Instead, it is an alternative ballot to reflect the additional four names duly nominated by petition and submitted to PVHA on December 7, 2015

PRINT and RETURN to PVHA
via mail, FAX or email

IMPORTANT NOTICE

ATTENTION MEMBERS

In accordance with the By-laws, Article V, Section 1, the Palos Verdes Homes Association will conduct its ninety first Annual Meeting on Tuesday, January 12, 2016 at 8:00 PM in the Council Chambers of the Palos Verdes Estates City Hall.

It is important that you return your Member Verification to ensure a quorum at this meeting, even if you choose not to vote for individual directors.



**PALOS VERDES
HOMES ASSOCIATION**

ANNUAL MEETING BALLOT INSTRUCTIONS

Note there are three ways to vote this year.

Please follow these procedures to vote by mail:

1. Vote the ballot below. You may vote for up to five directors.
2. Sign the Member Verification section and detach from this sheet.
3. Insert the Ballot in the Ballot Envelope.
4. Insert the Ballot Envelope and the signed Member Verification in the Business Reply Envelope printed with the return address of the Palos Verdes Homes Association.
5. Mail to the office by January 8, 2016 or hand deliver before the 8:00 PM meeting, January 12, 2016

Please follow these procedures to vote by fax:

1. Vote the ballot below and sign the Member Verification.
2. Do not detach the Member verification.
3. Fax this entire page to 310 373-9115 before the 8:00 pm meeting, January 12, 2016

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1. Vote the ballot and sign the Member Verification. Do not detach the Member verification.
2. Scan the entire page and email to: annualmtg@pvha.org before the 8:00 pm meeting, January 12, 2016.

PLEASE NOTE: Members waive their right to a secret ballot when voting by fax or email

YOUR VOTE IS IMPORTANT, PLEASE TAKE THE TIME TO RETURN THE BALLOT AND THE MEMBER VERIFICATION

DIRECTORS BALLOT					
BOARD OCCUPANCY		PVHA MEMBER	term	yes	no
Edward Fountain	2004	47 years	2 years	<input type="checkbox"/>	<input type="checkbox"/>
Mark Paullin	2002	37 years	2 years	<input type="checkbox"/>	<input type="checkbox"/>
Philip J. Frengs	1997	32 years	1 year	<input type="checkbox"/>	<input type="checkbox"/>
Dale Hoffman	2010	43 years	3 years	<input type="checkbox"/>	<input type="checkbox"/>
Carol Swets	2015	34 years	3 years	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE RETURN IN THE POSTAGE PAID ENVELOPE OR FAX THIS ENTIRE PAGE TO 310-373-9115 OR SCAN AND EMAIL TO ANNUALMTG@PVHA.ORG

**DO NOT RETURN THE
BALLOT AND MEMBER
VERIFICATION AFTER
JANUARY 12, 2016**

MEMBER VERIFICATION

2 T35 PI
1-25987, Unit A
PVSH Inc.
30020 1/2 S. Sepulveda Blvd.
Los Angeles CA 90034

Sign your name(s) below

Email Address below

Important: This Verification must be returned with the Ballot.

EXHIBIT "I"

EXHIBIT "I"

Dveirin, Brant

From: Castro, Eric
Sent: Monday, September 25, 2017 12:49 PM
To: Castro, Eric
Subject: FW: RE: Palos Verdes Homes Association

Eric C. Castro
Partner
Los Angeles
213.680.5112 or x5112

From: Castro, Eric [mailto:Eric.Castro@lewisbrisbois.com]
Sent: Friday, December 18, 2015 4:16 PM
To: harbisonjohn@gmail.com
Cc: sfcroftlaw@aol.com; Brant.Dveirin@lewisbrisbois.com; jeff@broedlowlewis.com
Subject: RE: Palos Verdes Homes Association

Dear Mr. Harbison,

Thank you for your email. At this point, PVHA cannot give the approval you seek for your proposed ballot or your proposed actions and procedures, because there is simply not enough time to give this matter adequate consideration.

PVHA does have some concern allowing any additional nominations at this point may be in violation of the 50-day rule of Section 7522(a), and PVHA believes there is a substantial risk your proposed ballot may be confusing and misleading to the membership. It seems clear the law was intended to prevent unwarranted confusion on the part of the voting membership by precluding additional nominations too close to an election to be dealt with in an effective and clear way, and the difficulty of dealing with these complicated issues you have presented in such a short time frame is obvious. It is not PVHA's fault you chose to request additional nominations only a few weeks before the election and just before the holidays.

PVHA does not have the time at this point to engage its legal counsel to provide a thorough and adequate analysis of these legal issues in order to assure itself it is proceeding on a sound legal basis. Any actions you take must be at your own risk. All rights and remedies are reserved.

Sincerely,

Eric

From: John Harbison [mailto:harbisonjohn@gmail.com]
Sent: Friday, December 18, 2015 9:16 AM
To: Castro, Eric
Cc: Jeff Lewis; Ms. Renata Harbison; Sid Croft; Dveirin, Brant; Kim Robinson; Mark Paulin; Jason Ebbens
Subject: Re: Palos Verdes Homes Association

Eric,

Thank you for your email of 12/14/15. The ROBE Steering Committee met last night and would like to confirm our next steps so there is no misunderstanding:

1. We interpret 7522 (a) differently, because the beginning of that clause says "The corporation's articles or bylaws shall set a date for the close of nominations for the board." As you know, no such language exists in PVHA's By-Laws or Articles. So while such a limitation would be enforceable if it were in the By-Laws or Articles, it is not enforceable under 7522 (a) because it is not in the By-Laws or Articles.
2. We are disappointed that PVHA has chosen not to send out subsequent mailings. We understand as many as three mailings have been sent in previous years, and given the community's heightened current interest in this election, a follow-on mailing with the names of all 9 nominees would be a constructive step to signal that PVHA's interests in good government and a free and open election are manifest.
3. In lieu of an official mailing from PVHA, ROBE will elect to send out its own mailing using the database that you have provided. The \$12,000 estimated cost for PVHA to send it out is excessive.
4. The ballot we will use in that mailing (and make available on the www.pvegoodgov.org website) has been modified (as you have asked) by eliminating the PVHA logo, making it clear that it does not come from PVHA, nor has it been approved or authorized by PVHA. Please confirm that this amended ballot (attached) meets your conditions and that votes submitted on this form to PVHA will be counted. In any situations where more than one ballot is returned by a member, we presume PVHA will follow normal corporate procedure of counting the last vote submitted, including ballots submitted at the Annual Meeting. This would be important because some people were unaware of the additional nominees when they returned the original ballot.

The vendor ROBE will be using for the mailing is closed from December 23rd to January 4th, so we need to commit to the materials in the mailing today in order to meet the short timeframe between now and the Annual Meeting. Therefore, if you have any issues with the ballot and process we will be using, please let us know by close of business today, Friday December 18th.

Please acknowledge receipt of this email.

Best regards,
John

John Harbison
harbisonjohn@gmail.com
cell: 310 739-1838

On Dec 14, 2015, at 4:53 PM, Jeffrey Lewis <jeff@broedlowlewis.com> wrote:

Jeffrey Lewis

BROEDLOW LEWIS LLP
734 Silver Spur Road, Suite 300 | Rolling Hills Estates, CA | 90274
Tel. (310) 935-4001 | Direct (310) 935-4002 | Fax. (310) 872-5389
Email: Jeff@BroedlowLewis.com | Web: www.BroedlowLewis.com

Certified Specialist in Appellate Law
The State Bar of California Board of Legal Specialization

This message may be covered by the attorney-client, attorney work product and/or other applicable legal privileges. Unauthorized

possession or use of this e-mail is prohibited. If you are not the intended recipient of this e-mail, please contact the sender immediately.

----- Forwarded message -----

From: "Castro, Eric" <Eric.Castro@lewisbrisbois.com>

Date: Mon, Dec 14, 2015 at 4:52 PM -0800

Subject: Palos Verdes Homes Association

To: "jeff@broedlowlewis.com" <jeff@broedlowlewis.com>

Cc: "sfcroftlaw@aol.com" <sfcroftlaw@aol.com>, "Dveirin, Brant" <Brant.Dveirin@lewisbrisbois.com>

Dear Mr. Lewis:

In response to your letter dated December 7, 2015 to Mark Paullin, President of Palos Verdes Homes Association (PVHA), pleased be advised as follows on behalf of PVHA:

1. As to your request for a membership list, one has previously been provided to you by email dated November 16, 2015; for your convenience another list is provided attached hereto (see CA Corp. Code Section 7524—all further Section references herein are to the CA Corp. Code).

2. As to your request for PVHA to mail out another official ballot including the names of your proposed nominees, your request to add nominees comes too late, as per PVHA's nominating procedures and California law. Section 7522(a): "... a date for the close of nominations for the board ... shall not be less than 50 days ... before the day directors are to be elected." Obviously, your request dated December 7, 2015 is less than 50 days before January 15, 2016, the date of the election. Moreover, PVHA has planned and budgeted for only one mailing for this annual meeting, and that mailing has already gone out. In addition, Section 7526 provides: "Without authorization of the board, no corporation funds may be expended to support a nominee for director after there are more people nominated for director than can be elected." In this case there are only five director seats available, and five nominees have already been named.

Nevertheless, PVHA is willing offer you three alternatives for you to choose from to accommodate your request:

(a) PVHA will include your request for additional nominees to be added in a second mailing by PVHA to the membership if you pay the costs of such mailing in advance (Section 7524). The estimated cost is \$ 12,000.00 PVHA will exercise its discretion and fiduciary duty to ensure such information is presented in a fair and reasonable manner and not confusing or misleading to the membership.

(b) You may send a mailing yourself, at your sole cost, to the membership using the membership list provided you. In such mailing you may not use PVHA's logo, nor refer to PVHA as endorsing your nominees. The information sent to the membership by you should not be confusing or misleading in any way, should clearly indicate the mailing is from you and not from PVHA, and should make clear that these are your additional nominees, who are not endorsed by PVHA.

(c) At the membership meeting on January 15, 2016, you may make a motion to nominate additional candidates, and if any such additional nominee receives more votes at the meeting than any candidate set forth on the existing ballot, he or she will be elected instead.

3. As to your request to use the alternate form of ballot you provided, PVHA declines such request, and does not approve your use of such unauthorized form of ballot. It is misleading because it appears to come from PVHA itself and appears to be an official PVHA ballot. You may nominate additional candidates; you may not make it appear the ballot has been prepared or authorized by PVHA.

4. As to your request that PVHA appoint an independent inspector of elections, PVHA accepts such request and will in fact appoint an independent inspector of elections.

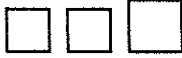
Eric C. Castro

Partner

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Los Angeles, CA 90071

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<All Contacts.xlsx>



business law • litigation & appellate practitioners

December 22, 2015

VIA E-MAIL AND CONFIRMED VIA U.S. MAIL

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LEWIS BRISBOIS BISGAARD & SMITH
633 W. 5th St., Ste. 4000
Los Angeles, CA 90071

RE: PV Homes Election and Ballot

Dear Messrs. Dveirin, Castro and Croft:

As you know, this office is counsel for Residents for Open Board Elections ("ROBE.") We are in receipt of your email of December 14, 2015 concerning the ballots for the January 2016 election of the Board of Directors for the Palos Verdes Homes Association (the "Association.") The Association's procedures for the election, are, respectfully, a muddled mess. The Association's website does not provide any notices regarding when elections are held, what rules govern the elections and how nominations are to be handled.

In January 2015 and again following the recent selection of a replacement of Gabriella Holt, Ried Schott went to the Association's office to inquire about the procedure to be placed on the ballot for the election. He was told by the Association's staff that the Board decides the nominees and there was no procedure in place to place Mr. Schott on the ballot.

Moreover, for decades, the Association has informed its members that the Association is governed by the Davis Stirling Act. By way of example only, for years, the Association has forced its members pursuant to Association Resolution No. 172 to endure a hybrid mediation/arbitration procedure for resolving view obstruction/tree disputes pursuant to Civil Code, section 5975. For years, the Association has, as part of its past election ballots, made disclosures that any tort actions over common areas may only be brought against the Association pursuant to



Civil Code, section 1365.9¹. Those two laws apply to common interest developments governed by the Davis Stirling Act. In recent litigation over the Panorama Parkland, the Association, through your office, has represented to the Los Angeles Superior Court that the Association is protected by the Davis Stirling Act.² In October, this Office requested that the Association proceed with the election under the procedures guaranteed by the Davis Stirling Act.

It, therefore, came as some surprise, on November 6, 2015, that the Association, through your office, informed us that the Association has no common area and, therefore, that it is not bound by the election procedures in the Davis Stirling Act. Instead, for the first time, on November 6, 2015, the Association took the position that its elections are governed by the law applicable to non profit mutual benefit corporations. On November 16, 2015, the Association provided this office a list of Association members.

The timing of the Association's disclosures made it difficult to obtain the signatures necessary to nominate candidates to the Board within the 50 day window you are now citing. After the Association selected Carol Swets to fill Gabriella Holt's vacant seat, at least one of the candidates interviewed for that position asked if his name could be included on the upcoming ballot; Mr. Schott was told that was not possible, and the Association made no reference that he could be added if he gathered 100 signatures. Moreover, we have not been supplied with any actual resolutions passed by the Association indicating what window of time actually applies to the nomination process. The reference to the body of law governing mutual benefit corporations does not answer the question of what procedures that Association actually adopted, when they were adopted and what departures, if any, were taken from the Mutual Benefit Corporation law. Section 7522 merely states that corporation can adopt in their bylaws or articles a 50 day limitation on nominations; in the absence of some amendment to the Bylaws or Articles, there is no limitation.

By e-mail dated December 14, 2015, Mr. Castro invited ROBE to select among three alternatives to get ballots into members hands that include ROBE-backed candidates: 1) Pay \$12,000 for a PVHA mailing; 2) mail ballots itself; or 3) make nominations at the annual meeting. On December 18, 2015, ROBE accepted the second option.

It is in this context that the Association has now withheld its approval of the ROBE-prepared ballot. ROBE has not been dilatory. It has proactively sought information

¹ The Association's annual ballot contains a reference to 1365.9 even though that section has been replaced by Civil Code, section 5805 since 2012.

² See for example, the May 28, 2015 hearing transcript in which Mr. Dveirin argued "... under the Davis-Stirling act and under corporate law principles, when the homeowners association litigates a case and when it settles a case, it binds not only Mr. Harbison, who's in the courtroom today, but all the other homeowners as a matter of law."



from the Association about how to participate in the election and the information coming from the Association has been, confusing, at best.

The Association has not indicated what changes it would make to the ROBE-prepared ballot. In your December 14 email, you asked that:

“..you may not use PVHA’s logo, nor refer to PVHA as endorsing your nominees. The information sent to the membership by you should not be confusing or misleading in any way, should clearly indicate the mailing is from you and not from PVHA, and should make clear that these are your additional nominees, who are not endorsed by PVHA.”

The version of the ballot that we sent to you on December 18th complied with these changes. Yet in your response on December 18th, you did not state what was missing or misleading.

Therefore, ROBE intends to proceed with the printing and mailing of its ballots. ROBE’s version of the ballot omits the Association’s logo and includes a prominent disclaimer regarding the origin of the document. We trust that the promised independent election inspector will not arbitrarily discard votes cast in the ROBE-prepared ballots.

A meeting with the Association’s counsel, this office and the inspector in advance of the election might be useful to discuss how ballots will be counted, how membership will be validated, how a quorum will be met and what impact a non-quorum would have on the ballots. Please advise of your willingness to facilitate such a meeting.

ROBE wishes to take this opportunity to remind the Association that corporate board elections are subject to judicial review. (Corp. Code, § 709, subd. (a).) We are hopeful that the election in January is held in a fair and transparent manner and that a lawsuit will be unnecessary.

Very truly yours,

Jeffrey Lewis

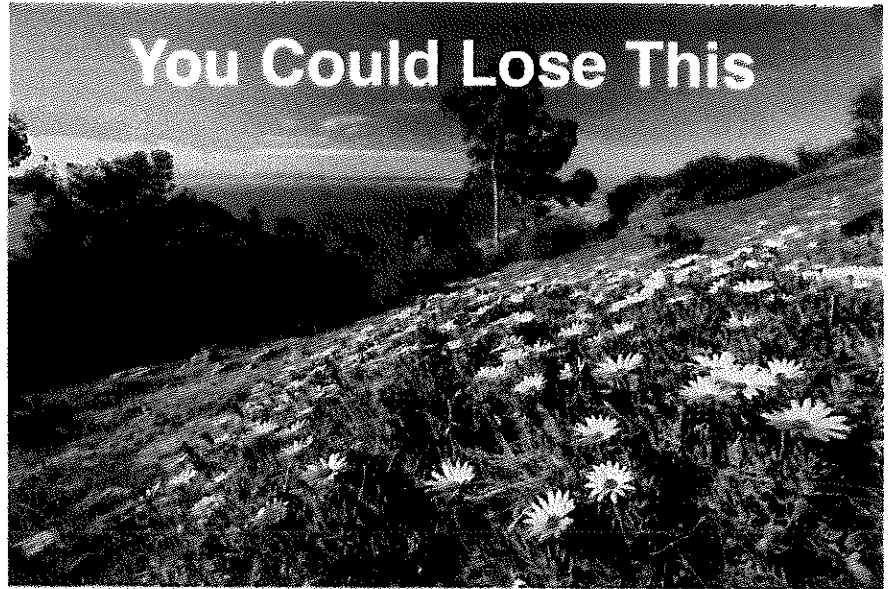
EXHIBIT "J"

EXHIBIT "J"

ROBE

Residents for Open
Board Elections

You Could Lose This



Save Our PVE Parkland Preserve Our Home Values

Incumbent Palos Verdes Homes Association (PVHA) Directors are Poor Stewards

- Sold 1.7 acres of parkland to an encroaching private resident in 2012
- Told court PVHA has the right but not the responsibility to protect the parkland
- Took actions declared illegal by a Los Angeles County Superior Court Judge in 2015
- Appealed court ruling despite overwhelming community opposition in 2015
- Advocated in 2015 closing Paseo del Sol Fire Road trail through parklands (most used trail in PVE), and offered to fund part of the project despite such closure violating deed restrictions

Vote for New Leadership at PVHA

Find Out More and Take Action at:

www.pvegoodgov.org

Addressing the PVHA Board at the January 14, 2014 PVHA Annual Meeting, Lin Melton (former President of PVHA) said:

"If Harry Brandel [longest serving former President of PVHA with over 40 years on the Board] knew what you've done in selling parkland, he'd be spinning in his grave so fast you couldn't even count the revolutions. If I were still on the Board, I would ask every one of you to resign. You should be ashamed."

The current Board has been embarrassingly inconsistent on several issues including supporting then not supporting a rezoning request, trying to deny a legal standard in one case then advocating it in another, filing with the court that they voted for appeal then denied it, citing that the PVHA had rights under the Stirling-Davis Act then later denying that the Stirling-Davis act applied to them. Other embarrassments include trying to redefine the word "shall" as meaning "may" and hence "optional".

The consequence of "status quo" actions of the incumbents can be:

- Loss of open space parkland through further sales and reduced public access
- Further drain on public resources by defending lawsuits brought on by illegal actions and ill-conceived policies at PVHA
- Erosion in property values as PVE's premium over surrounding communities goes away with the loss of Protective Restrictions and open space
- Risk of Palos Verdes Estates losing open space feel and turning into any other town

As a consequence, a group of concerned residents have formed a group called ROBE (Residents for Open Board Elections) to nominate and elect a new set of leaders to PVHA Board that care about PVHA's true mission and commitment to parklands. ROBE has collected 186 petitions and at least 170 nominations per candidate. Per CA Code, only 100 signatures are needed to add a name to the ballot.

Among the signers are four former Palos Verdes Estates mayors, one former PVHA President, one former PVHA Director, and the widow of another former President of the PVHA, as well as two former Board members for PVP Unified School District — indicative of the depth and breadth of concerns by recent leaders in our community. Former Mayor Joe Barnett (recently deceased) also spoke out against the sale of parkland at a City Council Meeting in 2012, so if he were included, it would be five former PVE Mayors dissatisfied with the decisions made by the current Board.

Robe's Candidates



Dick Fay



Jennifer Laity



Mike Moody



Ried Schott

Take Action at:

www.pvegoodgov.org

**Bios of candidates, names of steering committee,
documents, articles, ballot form**

- **DON'T VOTE ON THE INITIAL BALLOT FROM THE PVHA DELIVERED DEC 5.**
- Print the enclosed amended ballot with 9 candidates
- If you have voted on the original PVHA ballot, then just vote again and be sure to put the date on your ballot
- Fill out and sign the amended ballot. Please check Fay, Laity, Moody and Schott. If you wish to vote for a 5th candidate Carol Swets was not on the PVHA Board when they illegally sold parkland
- Send the Amended Ballot to the PVHA following the instructions on the ballot
- Send a courtesy copy to nominate@pvegoodgov.org or fax to (310) 349-3381 so we can track the

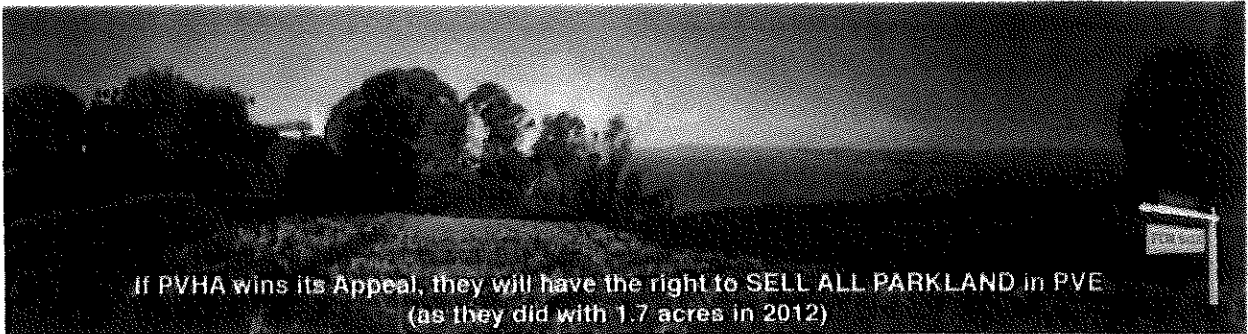
For more info about PVHA's illegal sale of parkland to a private individual in 2012, see:

www.pveopenspace.com

ROBE

Residents for Open
Board Elections

THANK YOU for VOTING!
**Don't forget to mail in your
PVHA Ballot which you should
receive in the next week**



If PVHA wins its Appeal, they will have the right to SELL ALL PARKLAND in PVE
(as they did with 1.7 acres in 2012)

PROTECT PV Parkland
PRESERVE Our Home Values
VOTE & MAIL Your PVHA Ballot
before January 4, 2017

YOU have a Choice - VOTE for New Leadership
www.pvegoodgov.org

- Events such as a Meet the Candidates night on 11-10-16 at 7pm at the Malaga Cove Library will provide opportunities for you to learn more
- When you receive the PVHA Ballot in the mail, vote for the ROBE candidates and mail your ballot
- Tell your friends – the election is valid only if more than 50% of PVE homeowners vote. Last year, our ROBE candidates got more votes (when the last vote cast was counted), but the election was nullified for lack of a quorum – existing Directors re-appointed themselves

Positioning Statement
Why We Believe The Community Needs New Leadership at PVHA

For nearly a century, the Palos Verdes Homes Association (PVHA) has been the capable steward of the Covenants, Conditions and Restrictions (CC&Rs) in the 1923 Protective Restrictions that serve as the "Constitution" of our very special community in Palos Verdes Estates. But in the past three years, many residents believe members of the current Board of Directors have lost their way and are doing great damage to our community. It is time to intervene.

When the Palos Verdes Peninsula Unified School District (PVPUSD) sought permission in the courts to ignore our CC&Rs and deed restrictions in order to sell property, PVHA "did the right thing" and vehemently defended those restrictions in court. But shortly after winning that case in 2011, PVHA Board members were part of a most shocking transaction whereby they **agreed to sell 1.7 acres of parkland to a private owner for his own private use** – and to make matters worse, this homeowner had flagrantly violated restrictions in the 36 years he had owned the adjacent property by **building extensive encroachments on parkland**. Why did the PVHA Board members abandon their mission and why did they reward this bad behavior?

Over 150 residents have written letters and appeared in PVHA and PVE City Council Meetings to express their strong objection to this unprecedented sale of parkland. A group of residents called Citizens for Enforcement of Parkland Covenants (CEPC) filed a lawsuit in May 2013 to reverse the sale of parkland; this past summer, the Court found in favor of the Plaintiffs -- declaring the actions of the PVHA and the City of PVE "ultra vires" (illegal). The court specified that the deeds transferring parkland property on Via Panorama from the City to the PVHA and then to a homeowner to be illegal and that encroachments be removed. Yet the PVHA directors continue to act against the best interests of our community and have decided to appeal the Superior Court decision. Examples of their poor stewardship include:

- Their attempt to deceive the public by hiding the parkland sale from the public by deleting reference of that sale in their Press Release on the 2012 MOU (see email from PVHA attorney Sid Croft [here](#))
- Their pursuit of the illegal sale even after three Title Insurance companies refused to insure the transaction
- Their unresponsiveness to communications from CEPC, which left CEPC no alternative to launching a lawsuit, which continues to cost the PVHA and its members money
- Their defense based on ridiculous arguments such as:
 - The word "shall" in the CC&Rs and deeds actually means "may" and hence adherence is optional
 - The PVHA can violate their own restrictions whenever they elect to do so
 - The Marketable Record Title Act applies and hence there is no need to follow any of the CC&Rs. This is the exact opposite of the position the PVHA took in the PVPUSD case, which it won, and would trigger judicial estoppel (which prohibits arguing both sides of an issue in different pleadings)
- Their letter of support in July 2015 for a proposed re-routing of the most popular trail in PVE (Paseo del Sol Fireroad) that involved a 300-foot fence that would deny public access to a portion of parklands, as well as offering to partially fund the project. This alarming position was taken a month after the CEPC ruling that declared the deed restrictions viable, thereby ensuring public access on the very same tract of land in perpetuity
- Their special meeting to vote on appeal, subsequently filing a notice with the court that PVHA had decided to appeal (under penalty of perjury), and then retracting from this position by stating they had not voted to appeal during the special secretive Board meeting
- Their decision to appeal the CEPC ruling, with rationale that shows ignorance of the facts of the case and which will continue to bleed public resources.

For all of the background on this issue, including statements from all sides and all the relevant documents and press articles, see www.pveopenspace.com .

PETITION TO NOMINATE CANDIDATES FOR PVHA BOARD OF DIRECTORS

The undersigned, affirm under penalty of perjury all of the following:

1. I am a homeowner of the City of Palos Verdes Estates and a member in good standing of the Palos Verdes Homes Association ("Association.")
2. I am the only person from my household who has signed a petition to nominate board candidates for the 2016 election.
3. Pursuant to Corporations Code, section 7521, subdivision (b), I hereby petition the Association to accept the nomination of all of the following persons as candidates for the Board of Directors of the Association for the January 12, 2016 election:
4. I have checked the individuals that I would like to nominate as PVHA Directors:
 - W. Richard Fay
 - Jennifer Laity
 - Michael Moody
 - L. Ried Schott

Signature

Print Name

Address

Email

Date











Please scan and email the signed petition to nominate@pvegoodgov.org or fax to (310) 349-3381



Want New Leadership at PV Homes Association? Sign ROBE's Petition!

John Harbison from Montemalaga · 1h ago

ROBE (Residents for Open Board Elections) has put forward three reform candidates for Board of Director of the Palos Verdes Homes Association. Find out more at: www.pvegoodgov.org

The first step is to gather 100 signatures from homeowners (one per parcel) for each nominee before September 11. Come meet the candidates and sign the petition at our kick-off at 7:30pm on Thursday September 1 at the Harbisons' house (916 Via Panorama in PVE). If you'd like to sign but can't make that event, just send an email to nominate@pvegoodgov.org and we'll arrange to meet with you over the next week. Save Our PVE Parkland Preserve Our Home Values Vote for New Leadership at PVHA Why new leadership? The Incumbent PVHA Directors have shown they are Poor Stewards: • Sold parkland to an encroaching private resident in 2012 • Told court they have the right but not the responsibility to protect the parkland • Taken actions declared illegal by Judge in 2015 • Appealed court ruling despite strong community opposition in 2015 • Advocated closing most heavily used trail through parklands in PVE in 2015, and offered to partially fund the project

Home

ROBE (Residents for Open Board Elections) Preserving our Palos Verdes

Estates Heritage and Parklands Save our PVE Parkland
PVEGOODGOV.ORG

Shared with Montemalaga + 7 nearby neighborhoods in General
THANK .1 REPLY

Judith **thanked** John

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CALIFORNIA STATE COURT PROOF OF SERVICE

Residents for Open Board Elections, et al. v. Palos Verdes Homes Association, et al.
Case No. BS169638 - File No. 38009-02

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and not a party to the action. My business address is 663 West 5th Street, Suite 4000, Los Angeles, California 90071.

On the below date, I served the following document(s) described as: **DECLARATION OF SIDNEY CROFT IN SUPPORT OF RESPONDENT'S OPPOSITION TO PETITIONER'S BRIEF RE: LOWER QUORUM OF HOMEOWNERS ASSOCIATION** on the following persons at the following addresses (including fax numbers and e-mail addresses, if applicable):

Jeffrey Lewis, Esq.
LAW OFFICES OF JEFFREY LEWIS
Deep Valley Drive, Suite 200
Rolling Hills Estates, CA 90274
Telephone: (310) 935-4001
Facsimile: (310) 872-5389
Email: jeff@jefflewislaw.com
Attorneys for Petitioners, RESIDENTS FOR OPEN BOARD ELECTIONS and L. RIED SCHOTT

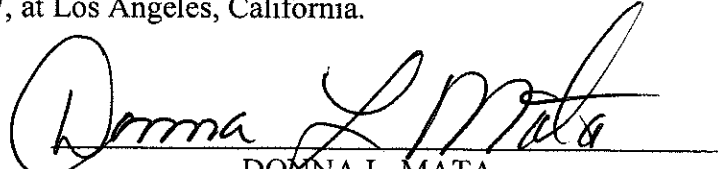
(BY U.S. MAIL) I enclosed the above-stated document(s) in a sealed envelope or package addressed to the person(s) at the address(es) listed by placing the envelope or package for collection and mailing, following our ordinary business practices. I am readily familiar with the firm's practice for collection and processing correspondence for mailing. Under that practice, on the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the U.S. Postal Service, in a sealed envelope of package with the postage fully prepaid thereon. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

(VIA ELECTRONIC MAIL) Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I caused the above-stated document(s) to be sent to the person(s) at the e-mail address(es) listed. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

(BY OVERNIGHT DELIVERY) I enclosed the documents in an envelope or package provided by an overnight delivery carrier and addressed to the persons at the addresses listed above. I placed the envelope or package for collection and delivery at an office or a regularly utilized drop box of the overnight delivery carrier.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on **September 25, 2017**, at Los Angeles, California.


DONNA L. MATA