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State of California

OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

AUG 31 1977

March Fong Eu

Secretary of State



851393
ENDORSED
FILED

In the office of the Secretary of State
of the State of California

AUG 31 1977

MARCH FONG EU, Secretary of State

By IRENE SANCHEZ
Deputy

ARTICLES OF INCORPORATION

OF

PALISADES CANYON HOMEOWNERS ASSOCIATION

FIRST: the name of this corporation (hereinafter referred to as the "Association") is PALISADES CANYON HOMEOWNERS ASSOCIATION.

SECOND: That the purposes for which the Association is formed are:

(a) The primary purposes for which the Association is formed are to provide for the maintenance, preservation and architectural control of the planned unit development located in the State of California, County of San Bernardino, as shown on that certain Tract Map No. 8437, San Bernardino County.

(b) The general purposes and powers are:

(1) To promote the health, safety and welfare of the residents within the above-described property;

(2) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association arising from the Declaration of Restrictions which has been or will be recorded on the aforesaid development;

(3) To fix, levy, collect and enforce payment

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by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(4) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(5) To borrow money and with the assent of the Members, as evidenced by a majority of the voting powers, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(6) To have and to exercise any and all powers, rights and privileges which a corporation organized under the General Nonprofit Corporation Law of the State of California by law may now or hereafter have or exercise;

(7) To act in the capacity of principal, agent, joint venturer or partner, or otherwise;

(8) To dedicate, sell or transfer all of or any

part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of Members, agreeing to such dedication, sale or transfer; and

(9) To participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any merger, consolidation or annexation shall have the assent by vote of two-thirds (2/3) of each class of Members or by the written consent of all of the Members.

The foregoing statement of purposes shall be construed as a statement of both purposes and powers, and purposes and powers in each clause shall be in no way limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association, nor shall the exercise of its powers exceed those specific limitations on its powers as set forth in the Declaration of Restrictions recorded on the Project.

THIRD: This Association, organized for nonprofit purposes pursuant to the General Nonprofit Corporation Law of the State of California, shall not be operated for pecuniary gain or profit and does not contemplate the distribution of gains, profits or dividends to the Members.

FOURTH: The principal office for the transaction of the business of the Association is located in the County of San Bernardino, State of California.

FIFTH: (a) Directors. The manner in which Directors shall be chosen and removed from office, their qualifications, powers, duties, compensation and tenure of office, the manner of filling vacancies of the Board, and the manner of calling and holding meetings of Directors, shall be as stated in the By-Laws and/or Declaration of Restrictions.

(b) Members. The authorized number, if any, and qualifications of members of the Association, the different classes of membership, if any, the property, voting and other rights and privileges of members, liability for dues and assessments and the method of collecting same, and the transfer of membership shall be as stated in the By-Laws and/or Declaration of Restrictions.

SIXTH: (a) The number of Directors of the Association shall be five (5).

(b) The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
Shirley Catclein	25601 Narbonne Lomita, California 90717
Mort Greenberg	25601 Narbonne Lomita, California 90717
Norm Fuller	Route 1, Chino Airport Chino, California 91710
Daryl Stark	25601 Narbonne Lomita, California 90717
Rick Stark	25601 Narbonne Lomita, California 90717

(c) The Directors shall serve without compensation and no Director shall receive any pecuniary benefit as a direct result of being a Director of the Association.

(d) The powers of the Association shall be exercised, its property controlled and its affairs conducted by the Board of Directors, as set forth in the By-Laws and Declaration of Restrictions.

SEVENTH: Neither the Directors nor the Members of the Association shall be personally liable for the debts, liabilities or obligations of the corporation.

EIGHTH: Upon the winding up and dissolution of the Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to a nonprofit fund, foundation or corporation, which is organized and operated exclusively for charitable, education and/or scientific purposes, and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code; if the Association holds any assets in trust, such assets

shall be disposed of in such manner as may be directed by decree of the Superior Court of the County in which the Association's principal office is located, upon petition therefor by the Attorney General or by any person concerned in the litigation.

NINTH: Notwithstanding any other provision in these Articles of Incorporation, the Association shall be subject to the following limitations and restrictions:

(a) The Association shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 42 of the Internal Revenue Code of 1954.

(b) The Association shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1954.

(c) The Association shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1954.

(d) The Association shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954.

(e) The Association shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1954.

TENTH: So long as the two-class voting structure provided for in the By-Laws shall remain in effect, these Articles may be amended only by the vote or written assent of at least fifty-one percent (51%) of the voting power of each class of

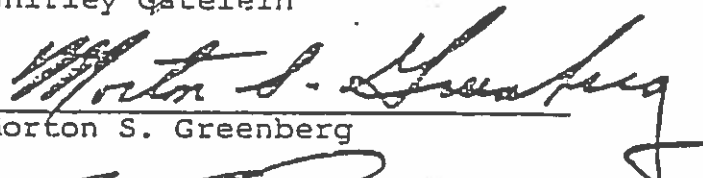
members. At such time as the Class B membership shall cease and be converted to Class A membership as set forth in the By-Laws, amendments to these Articles shall be enacted by requiring the vote or written assent of:

- (1) At least fifty-one percent (51%) of the voting power of the Association; and
- (2) At least fifty-one percent (51%) of the votes of members other than the Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the members or of the members other than the Declarant necessary to amend a specific provision in these Articles shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.


IN WITNESS WHEREOF, the undersigned constituting the Incorporators of this Association, have executed these Articles of Incorporation this 26th day of August, 1977.


Shirley Gatelein


Morton S. Greenberg


Norm Fuller


Daryl Stark


Ricky Stark

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO

On August 26, 1977, before me, the undersigned,

Daryl Stark, Ricky Stark, Nettie R. Harris, Carol Knudsen,
J. Harris, known to me to be the persons whose names are
subscribed to the within instrument and acknowledged to
me that they executed the same.

WITNESS my hand and official seal.

William J. Bennett

Signature
WILLIAM J. BENNETT

(Seal)

