

**SECOND AMENDMENT TO THE  
ARTICLES OF INCORPORATION OF THE HIGHLANDS, INC.**

This Second Amendment to the Articles of Incorporation of The Highlands, Inc., an Arizona non-profit corporation is made by the undersigned Secretary of The Highlands, Inc., an Arizona nonprofit corporation ("Corporation"), in recognition of the following facts and intentions:

**WHEREAS** the Association adopted fully Amended and Restated Articles of Incorporation of The Highlands, Inc. ("Articles of Incorporation that are dated February , 2017;

**WHEREAS** pursuant to Article IX of the Articles of Incorporation, the Members of the Corporation may amend the Articles by a majority vote either in person or by absentee ballot;

**WHEREAS** the Association wishes to modify and amend the Articles of Incorporation to reflect a change, as are more particularly set forth below.

**NOW, THEREFORE**, Article X of the Articles of Incorporation is hereby amended as follows:

Any capital expenditure, indebtedness, or liability with a complete project cost exceeding the sum of Thirty-five Thousand Dollars (\$35,000) must be authorized by an affirmative vote of the majority of the votes cast by the members of THI at an annual or special meeting.



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**ARTICLES OF INCORPORATION  
OF  
THE HIGHLANDS, INC.**

The Articles of Incorporation of The Highlands, Inc. (THI) dated the 28<sup>th</sup> day of August 1991 are hereby restated and amended as follows:

**ARTICLE I**

The name of the Corporation is: THE HIGHLANDS, INC. (THI)

**ARTICLE II**

THI is organized pursuant to the laws regarding non-profit corporations of the State of Arizona, found generally to A.R.S. 10-1001 et seq.

**ARTICLE III**

The principal place of business of THI shall be at Oro Valley, Pima County, Arizona, but THI may establish other offices within and without the State of Arizona and hold its meetings at such places as the By-Laws may allow and provide.

**ARTICLE IV**

The general nature of the business to be transacted and the objectives and purposes of THI shall be as follows:

- A. To own, operate and/or maintain and to provide services related to that certain property and those improvements used in common by and for the benefit of the owners of home sites within The Highlands Subdivision and any other subdivision which may be subsequently added within The Highlands development, a subdivision of Pima County, Arizona according to the Properties which are identified as platted in filing blocks 1 through 7, lots 1 through 357 – book 15, page 21 and filing #2 lots 401



through 458 book 25, page 79 as recorded in the office of the County recorder of Pima County, AZ, and any recorded amendments hereto, and which properties are collectively known as The Highlands Subdivision (the Subdivision).

- B. To accept such property and improvements as may be conveyed to THI and to maintain and otherwise manage landscaping, parking areas, walkways, common and/or community areas, streets and cul-de-sacs, recreational areas and facilities such as swimming pools, clubhouses, etc., upon such property. To pay all taxes and assessments, if any, which may properly be levied against such property or other property acquired by or owned by THI. To repair, maintain, rehabilitate and restore the real property and any improvements located thereon; to impress liens against the individual home sites and their fractional interests in the Subdivision to secure the payment of obligations due from the owners thereof to THI and to collect, foreclose or otherwise enforce, compromise, release, satisfy and discharge said demands, and to do all other acts necessary to the filing, maintenance and discharge of said liens; to take any action necessary to enforce the covenants, restrictions, reservations, and conditions which at the present or in the future affect THI, the rules and regulations of THI, or in any other way created or allowed under the laws of the State of Arizona; and in addition thereto, to do any and all lawful things and acts which THI, at any time, and from time to time, shall, in its discretion, deem to be in the best interests of the members of THI; and to pay all costs and expenses in connection therewith and in connection with any and all purposes of THI, and further, to do any and all lawful things which may be advisable, proper, authorized or permitted to be done by THI under and by virtue of any of the conditions, covenants, restrictions, reservations, charges or assessments affecting said property, or any portion thereof, and to do and perform any and all acts which it may deem to be either necessary or incidental to the exercise of any of the foregoing powers, or to promote the peace, health, comfort, safety or general welfare of the members of THI and any other residents of the Subdivision, and further, to do any and all things and exercise all right and powers permitted to nonprofit corporations under the laws of the State of Arizona, including the power to mortgage or encumber any property owned by it, as dictated by the Declaration of Conditions, Covenants and Restrictions (CC&Rs) of THI.

- C. To enter into, perform, and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of THI. To make contracts of all kinds and descriptions with third parties, firms, and corporations; to make contracts with any of the officers, directors, members of THI or employees of THI, individually or otherwise and without limitation, restriction or prejudice, which contracts shall be considered and construed on the same basis as contracts with third persons, all in furtherance of the organization, management, operation, objects or purposes of THI.
- D. To borrow and loan money, and give, take and hold security and collateral to execute, make and issue and take and receive bonds, notes, debentures, mortgages, pledges and other evidences of indebtedness and security, of any and all kinds whatsoever, in furtherance of any or all of the objects of its business.
- E. To approve or reject any and all changes, additions or alterations to the exterior of homes, buildings and improvements situated on home sites located within said subdivision; any and all changes in landscape design in the subdivision, the erection of any and all new structures or improvements of any character, including but not limited to residences, swimming pools and their appurtenances; to make repairs and to maintain improvements on home sites on behalf of the owners thereof, where such improvements are not properly maintained by the owner and to assess the owner therefore; to make codes, rules and regulations for the purpose of promoting the health, safety and welfare of the home site owners in the Subdivision, and to enforce such codes, rules and regulations.
- F. To levy assessments and enforce payment thereof against the owners of each home site within the above described subdivision to cover expenses incurred by THI in maintaining, landscaping, protecting, operating, and improving any of the property of THI or any improvements located on any of the home sites in said subdivision, or any other expenses incurred by THI or for any other purpose now or in the future provided for under the Declaration of Conditions, Covenants and Restrictions pertaining to the Subdivision.
- G. To do and perform any and all acts and things and to transact any business, not inconsistent with law, which may be necessary, incidental to or convenient in



carrying out any of the business or purposes of THI.

#### ARTICLE V

The period of duration of THI shall be perpetual.

#### ARTICLE VI

No shares of stock shall be issued in THI and it shall be owned by its members in such proportions as are provided for in the By-Laws, and no dividends or pecuniary profits shall be paid to its members. Membership in THI shall be limited to legal or equitable owners of home sites. Each legal or equitable owner of a home site shall become a member of THI before the home site is occupied. Each member of THI must be the legal or equitable owner of all elements of the home site, including but not limited to all land, the residential structure and all appurtenances thereto. Any member who has disposed of all interest in the home site in said subdivision shall thereupon cease to be a member of THI and that membership and voting rights shall automatically be transferred to the successor owner of such home site. In the event any home site is owned by two or more persons, said legal or equitable owner shall designate to THI, in writing, which owner shall have the power to vote at any and all meetings. In the absence of such designation, the Board of Directors of THI shall make such designation.

#### ARTICLE VII

Section 1. The control and management of the business and affairs of THI shall be vested in a Board of Directors.

Section 2. The Board of Directors shall be composed of nine (9) members, and their election and term of office shall be as provided in the By-Laws.

Section 3. The Board of Directors shall elect a President, one or more Vice-Presidents, a Secretary, a Treasurer and such other officers and agents as may, from time to time, be chosen by the Board of Directors. The Board may create offices of Assistant Secretary or Assistant Treasurer who need not be members of the Board. The President, Vice-President (s), Secretary and Treasurer must be members of the Board of Directors. The time and method of electing

officers and the length of their term shall be fixed in the By-Laws. The Board of Directors may appoint an Executive Committee composed of three or more members of the Board to determine such matters as may be authorized by the Board and to function until a Board meeting may be held. Any vacancies on the Board of Directors or in any office during the unexpired term of any Director or officer, may be filled by appointment through a majority vote of the remaining Directors, and the person so chosen to fill such vacancy shall serve during the unexpired term of his predecessor.

#### ARTICLE VIII

The Board of Directors shall have the responsibility to constantly evaluate the applicability of existing By-Laws and to recommend any amendments or additions for the approval of the members of THI at any annual meeting. The By-Laws shall prescribe, among other things, the date of the annual meeting, the method of electing officers and such other regulations, codes and rules as may be required, provided the same are not contrary to law or inconsistent with the objectives or purposes of THI.

#### ARTICLE IX

- A. These Articles of Incorporation may be amended by a majority of those members entitled to vote, represented in person or by absentee ballot.
- B. A quorum at any scheduled meeting of THI requiring a vote shall consist of one-third (1/3) of those members entitled to vote, represented in person or by absentee ballot.

#### ARTICLE X

Any capital expenditure, indebtedness or liability with a complete project cost exceeding the sum of Twenty-five Thousand Dollars (\$25,000) must be authorized by an affirmative vote of the majority of the votes cast by the members of THI at an annual or special meeting.

#### ARTICLE XI

The members, officers and directors, and members of the Executive Committee, shall not be individually or personally liable for THI's debts or other liabilities; the private property of such individuals shall be exempt from any corporate debts or liabilities; and THI shall hold and save


such members, officers and directors harmless from any such debts and liabilities; nor shall any officer or director be liable in damages to THI for any breach of fiduciary duty except insofar as such liability may not be avoided in accordance with the laws of the State of Arizona.


#### ARTICLE XII

THI does hereby appoint David A. McEvoy, Esq., 4560 East Camp Lowell Drive, Tucson, Arizona 85712, as its lawful statutory agent. The foregoing appointment or any successor appointment may be revoked by the Board of Directors at any time by filing an appointment of successor agent.

Revised in accordance with Article IX, Section A, of the existing Articles of Incorporation this 3rd day of February, 2017.

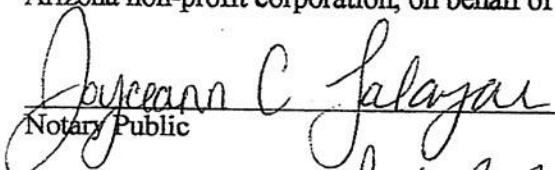
IN WITNESS WHEREOF the President and Secretary of THI have hereunto set their names this 21 day of February, 2017.

  
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President

  
\_\_\_\_\_  
Secretary

STATE OF ARIZONA                    )  
  )  
COUNTY OF PIMA                    )   ss

The foregoing instrument was acknowledged before me this 21 day of February, 2017, by Patrick Yurczyk, President, and Brenda Henderson, Secretary, of THE HIGHLANDS, INC., an Arizona non-profit corporation, on behalf of the Corporation.

  
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Notary Public

My commission expires: Sept. 3 2019

