

**EXPEDITED**

ARTICLES OF INCORPORATION

OF

HIGHLAND 5 HOMEOWNERS ASSOCIATION

AZ CORP COMMISSION  
OR THE STATE OF AZ  
FILED

2002 AUG 12 P 1:32

APPR. *Sandi Pauli*  
DATE APPR *8-12-2002*  
TERM \_\_\_\_\_  
DATE \_\_\_\_\_

ARTICLE I

NAME

The name of the corporation is Highland 5 Homeowners Association. *ovs*

ARTICLE II

DEFINED TERMS

Capitalized terms used in these Articles of Incorporation without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Highland 5 recorded at Recording No. 2002-0771368, in the official records of the County Recorder of Maricopa County, Arizona, as such Declaration may be amended from time to time. As used in these Articles of Incorporation, the term "Eligible Votes" means the total number of votes entitled to be cast by Members as of the record date for determining the Members entitled to vote at a meeting or in respect of any other lawful action including, but not limited to, action by written ballot or written consent.

ARTICLE III

KNOWN PLACE OF BUSINESS

The known place of business of the Association shall be located at 1901 East University, Suite 260, Mesa, Arizona 85203.

ARTICLE IV

STATUTORY AGENT

Mark D. Pugmire, whose address is 1901 East University, Suite 260, Mesa, Arizona 85203, and who is a resident of the State of Arizona, is hereby appointed and designated as the initial statutory agent for the corporation.

## ARTICLE V

### PURPOSE OF THE ASSOCIATION

The Association is organized as a nonprofit corporation pursuant to the Arizona Nonprofit Corporation Act. The object and purpose for which this Association is organized is to provide for the management, maintenance, and care of the Areas of Association Responsibility and other property owned by the Association or property placed under its jurisdiction and to perform all duties and exercise all rights imposed on or granted to the Association by the Community Documents or Arizona law. In furtherance of, and in order to accomplish the foregoing object and purpose, the Association may transact any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

## ARTICLE VI

### CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to provide for the management, maintenance and care of the Areas of Association Responsibility and to exercise and perform such other powers and duties as are imposed on or granted to the Association by the Community Documents.

## ARTICLE VII

### MEMBERSHIP AND VOTING RIGHTS

The Members of the Association shall be the Owners of Lots. All Owners of Lots shall be mandatory members of the Association, and no Member shall have the right to resign as a member of the Association. By acquiring fee title to or otherwise becoming the Owner of a Lot, a Person consents to becoming a member of the Association. As provided in the Declaration, there initially will be two classes of membership in the Association. Each Owner shall have such rights, privileges and votes in the Association as are set forth in the Community Documents. The provisions of the Declaration pertaining to classes of membership and the voting rights of the Members are incorporated in these Articles of Incorporation by reference.

## ARTICLE VIII

### BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors shall be two (2). The names and addresses of the initial directors of the Association who shall serve until their successor is elected and qualifies are as follows:

<u>Name</u>	<u>Mailing Address</u>
Mark D. Pugmire	1901 East University Suite 260 Mesa, Arizona 85203
Grant Lane	1901 East University Suite 260 Mesa, Arizona 85203

The Board shall adopt the initial Bylaws of the Association. The power to alter, amend or repeal the Bylaws is reserved to the Members.

## ARTICLE IX

### OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until their successors have been elected and qualify:

Grant Lane	-	President
Mark D. Pugmire	-	Secretary
Mark D. Pugmire	-	Treasurer

## ARTICLE X

### LIMITATION ON LIABILITY OF DIRECTORS

The personal liability of a director of the Association to the Association or its members for money damages for any action taken or any failure to take any action as a director is hereby eliminated to the fullest extent permitted by the Arizona Nonprofit Corporation Act, as it may be amended from time to time. Any repeal or modification of this Article X shall be prospective only and shall not adversely affect the personal liability of a director or prior director for any act or omission occurring prior to the effective date of such repeal or modification.

## ARTICLE XI

### INDEMNIFICATION

The Association shall indemnify any person made a party to any civil suit or criminal, administrative or investigative action, other than an action by or in the right of the Association, by reason of the fact that he is or was a member, director, officer, employee or agent of the Association against expenses, including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted, or failed to act, in good faith and he reasonably believed: (a) in the case of conduct in an official capacity with the Association, that the conduct was in its best interests; (b) in all other cases, that the conduct was at least not opposed to its best interests; and (c) in the case of any criminal action or proceeding, that he had no reasonable cause to believe the conduct was unlawful. Any indemnification of the members, directors, officers, employees or agents of the Association shall be governed by and made in accordance with the provisions of the Arizona Nonprofit Corporation Act. Any repeal or modification of this Article XI shall be prospective only and shall not adversely affect, defeat or limit the right of any person to indemnification for any act, or failure to act, occurring prior to the effective date of such repeal or modification.

## ARTICLE XII

### AMENDMENTS

These Articles of Incorporation may be amended by Members holding at least two-thirds (2/3) of the Eligible Votes. Any amendment to these Articles of Incorporation must be approved in writing by the Declarant if the Declarant owns one or more Lots at the time the amendment is approved by the Members.

## ARTICLE XIII

### DISSOLUTION

The Association may be dissolved by the affirmative vote of Members holding not less than two-thirds (2/3) of the Eligible Votes. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed or assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purpose. Any dissolution of the Association must be approved in writing by the Declarant if the Declarant owns one or more Lots at the time the dissolution is approved by the Members.

ARTICLE XIV

DURATION

The Association shall exist perpetually.

ARTICLE XV

ASSESSMENTS AND FEES

Each Member shall be obligated to pay Assessments and other fees and charges to the Association in accordance with the Community Documents.

ARTICLE XVI

VA/FHA APPROVAL

During the Declarant Control Period, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs: annexation of additional properties; mergers or consolidations, mortgaging of Common Area, dedication of Common Area, dissolution of the Association, or amendment of these Articles of Incorporation.

ARTICLE XVII

INCORPORATOR

The name and address of the incorporator of the Association is:

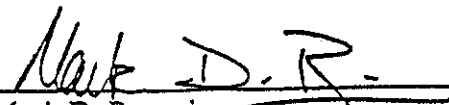
Name

Address

Mark D. Pugmire

1901 East University  
Suite 260  
Mesa, Arizona 85203

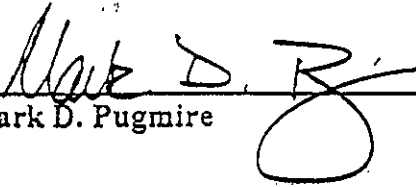
Dated this 2<sup>nd</sup> day of August, 2002.

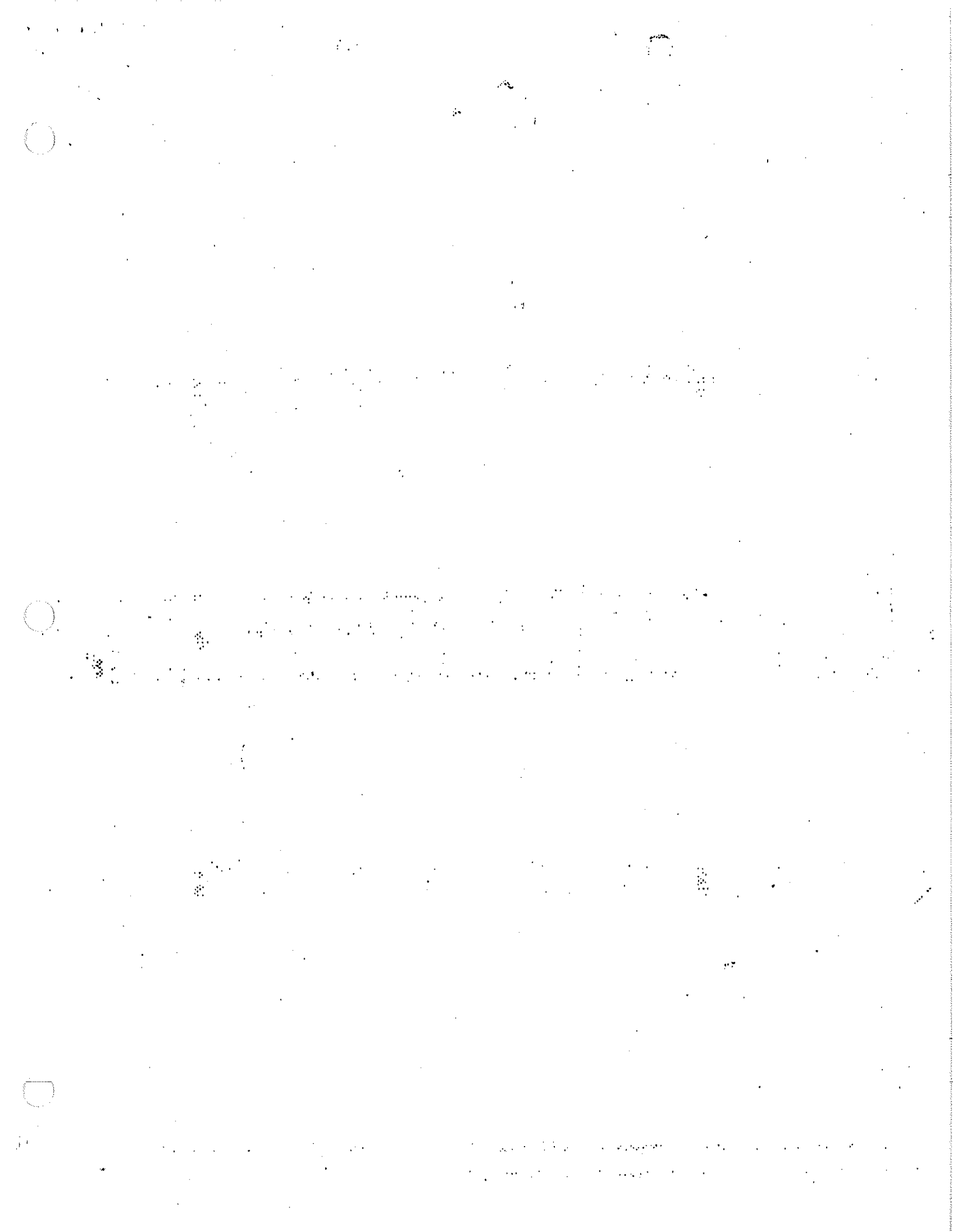
  
\_\_\_\_\_  
Mark D. Pugmire

ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT

The undersigned, having been designated to act as statutory agent for this corporation, hereby accepts such appointment and agrees to act in that capacity until removal or resignation is submitted in accordance with applicable provisions of the Arizona Revised Statutes.

Dated this 7<sup>th</sup> day of August, 2002.

  
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Mark D. Pugmire



ACTION IN WRITING  
OF THE  
BOARD OF DIRECTORS  
OF  
HIGHLAND 5 HOMEOWNERS ASSOCIATION

The undersigned, constituting all of the directors of the Board of Directors of Highland 5 Homeowners Association, an Arizona nonprofit corporation, hereby takes the following actions in writing and without a meeting pursuant to Section 10-3821, Arizona Revised Statutes, which actions shall have the same force and effect as if taken by the Board at a duly called meeting of the Board:

**RESOLVED**, that the Bylaws in the form submitted to the Board of Directors are hereby adopted as the Bylaws of this Corporation.

**RESOLVED FURTHER**, that the following persons are elected to the positions opposite their names and shall serve until their successors have been elected and qualified:

Grant Lane	-	President
Mark D. Pugmire	-	Secretary
Mark D. Pugmire	-	Treasurer

**RESOLVED FURTHER**, that the Treasurer be and is hereby authorized and directed to open an account at a bank or savings and loan association authorized to do business in the State of Arizona, which bank or savings and loan association is authorized to honor checks drawn against such account signed by the President or by the Treasurer so long as there is a balance in favor of the Corporation.

**RESOLVED FURTHER**, that the Treasurer is hereby authorized and directed to open a reserve account at a bank or savings and loan association authorized to do business in the State of Arizona which will be an interest bearing account, which bank or savings and loan association is hereby authorized to honor withdrawal requests executed by the President or by the Treasurer so long as there is a balance in favor of the Corporation.

**RESOLVED FURTHER**, that the Treasurer be and is hereby authorized to pay all fees and expenses incident to and necessary for the organization of this Corporation.

**RESOLVED FURTHER**, that the Secretary procure the necessary books of account and corporate record books.



RESOLVED FURTHER, that the officers of the Corporation are hereby authorized and empowered to purchase or acquire any and all supplies and property, real, personal or mixed, and to execute all contracts or other instruments necessary for the Corporation, and to perform all acts necessary or incidental to the operation of the Corporation.

RESOLVED FURTHER, that the officers of the Corporation are authorized and directed to procure such property, fire, casualty and liability insurance as may be required by the Declaration of Covenants, Conditions and Restrictions for Highland 5 recorded in the official records of the County Recorder of Maricopa County, Arizona, and such other insurance as the President of the Corporation deems it advisable for the Corporation to carry.

RESOLVED FURTHER, that a lien fee of \$100.00 shall be charged to each Owner of a Lot against which the Association records a notice of lien for delinquent assessments in accordance with the provisions of the Declaration.

RESOLVED FURTHER, that the officers of the Corporation are hereby instructed to take whatever action they deem appropriate to provide for the collection of the assessments and the enforcement of the obligations of the members to pay the assessments.


RESOLVED FURTHER, that the Secretary of the Corporation determine the names and addresses of all present members of the Association and that said officer compile and at all times keep a current list thereof.

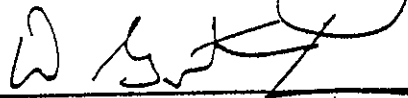
RESOLVED FURTHER, that a transfer fee of \$100.00 shall be charged to each person who purchases a Lot from a person other than the Declarant.

RESOLVED FURTHER, that a late charge of the greater of \$15.00 or ten percent (10%) of the amount of the unpaid Assessment or other amount owed to the Association shall be charged to any Owner who fails to pay any Assessment or other amount owed to the Association within fifteen (15) days after the due date.

RESOLVED FURTHER, that a fee of \$150.00 shall be charged by the Association for the issuance of a resale statement pursuant to A.R.S. § 33-1806.

Dated this 13<sup>th</sup> day of August, 2002.

  
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Mark D. Pugmire

  
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Grant Lane