

ARTICLES OF INCORPORATION  
OF  
HIGHLAND VILLAGE CONDOMINIUMS ASSOCIATION

We, the undersigned, desiring to form a nonprofit corporation in compliance with the requirements of the State of Arizona, for the management, maintenance, and architectural control of the residential units, and common areas and its related equipment and facilities, including the land of which the same are located, being the Development Area, in the North 1/2 of the East 1/2 of Lot 18 Lincoln Place, according to book 3 of Maps, Page 65 of Maricopa County, Arizona, both of which are described in Appendix A attached hereto, and to provide for the orderly and proper collection of all charges for the use of said facilities, do hereby voluntarily associate themselves for the purpose of forming a nonprofit corporation and do hereby certify

ARTICLE I

NAME AND PURPOSE

Section 1. The name of the corporation is Highland Village Condominiums Association, hereinafter called the "Corporation"

Section 2. This Corporation does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, management and architectural control of the residential units and Common Area within that certain tract of property described above, and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Corporation for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Maricopa County Recorder, State of Arizona, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment 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 Corporation, including all licenses, taxes or governmental charges levied or imposed against the property of the Corporation;

(c) 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 Corporation;

(d) borrow money, and with the assent of two-thirds (2/3) of each class of members mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all 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;

(f) 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 such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;

(g) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Arizona by law may now or hereafter have or exercise.

## ARTICLE II

### INITIAL BUSINESS

The Corporation intends to provide for the maintenance, management, and architectural control of the residential units and Common Area within that certain tract of property described above and to promote the health, safety and welfare of the residents within the above described property.

## ARTICLE III

### OFFICE AND DURATION

Section 1. The principal office of this Corporation shall be located at 1449 East Highland Avenue, Phoenix, Arizona.

Section 2. The duration of this Corporation shall be perpetual unless sooner terminated according to the terms of these Articles.

## ARTICLE IV

### GENERAL POWERS

Section 1. This Corporation shall have the power to own, accept, acquire, mortgage, and dispose of real and personal property, and to obtain, invest and retain funds, in advancing the purposes stated in Article I above.

Section 2. This Corporation shall have the power to do any lawful acts, or things reasonably necessary or desirable for carrying out the Corporation's purposes, and for protecting the lawful rights and interests of its members in connection therewith.

## ARTICLE V

### MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who is a record owner of a condominium unit in a condominium property regime located in the Development Area which is subject to covenants of assessment by the Corporation shall be a member of the Corporation. The foregoing is not intended to include persons or entities who

hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any such condominium unit which is subject to assessment by the Corporation.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all of those owners as referred to in ARTICLE III of the Declaration. A Class A member shall be entitled to one vote for each unit owned by said member, as provided above.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each unit it holds the interest required for membership by ARTICLE III of the Declaration, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership within all phases of this condominium project equal the total votes outstanding in Class B membership, or
- (b) five years from the date of this Declaration.

#### ARTICLE VI

##### BOARD OF DIRECTORS

Except as provided herein, the affairs of this Corporation shall be managed by a Board of Five (5) Directors who must be members of the Corporation. The number of Directors may be changed by amendment of the by-laws of the Corporation.

Until such time as a Board of Directors shall be elected according to the provision contained in the by-laws, the affairs of the Corporation shall be governed by an Interim Board of Directors, who need not be members of the Corporation, composed of the following three (3) persons:

GEORGE KNOLL - 5788 N. Scottsdale Road  
Scottsdale, AZ 85253  
RICHARD B. JORDAN - 4931 N. 43 Street  
Phoenix, AZ 85018  
THOMAS HALTER - 6112 E. Lafayette Blvd.  
Scottsdale, AZ 85251

Except as otherwise provided, the Interim Board of Directors shall have the same powers and duties enumerated in these articles and in the by-laws for the elected Board of Directors.

#### ARTICLE VII

##### INCORPORATORS

The incorporators of the Corporation are:

GEORGE KNOLL  
5788 N. Scottsdale Road  
Scottsdale, Arizona 85253

RICHARD B. JORDAN  
4931 N. 43 Street  
Phoenix, Arizona 85018

THOMAS HALTER  
6112 E. Lafayette Blvd.  
Scottsdale, Arizona 85251

## ARTICLE VIII

### ASSESSMENTS

Section 1. Each member for each condominium unit owned, and the Declarant for units owned, shall pay to the Corporation an annual assessment equal to 1/48 of the total sum necessary for the maintenance, upkeep and repairs of the common areas.

Section 2. The amount of assessment against each member, and if any, against the Declarant, as provided for in Section 1 shall be assessed by the Corporation as a lien at the beginning of each monthly assessment period. Each assessment shall be due and payable within thirty (30) days of assessment, and upon default of payment payable within such period of time, shall be a lien against those units, if any, owned by the defaulting Declarant, and the Corporation shall be entitled to enforce the payment of said lien according to the laws of the State of Arizona and to take any other actions for collection from the defaulting parties. Any such lien against a condominium unit or against any unit, if any, owned by the Declarant shall be subordinate to any recorded first mortgage or first Deed of Trust covering such condominium unit, or, as the case may be, covering those units, if any, owned by the Declarant.

Section 3. In addition to the annual assessments authorized above, the Corporation may levy in any assessment year, special assessments for the purpose of defraying, in whole or in part, (a) the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto, or (b) the expenses of any other contingencies; provided that any such assessment shall have the assent of a three-quarters (3/4) vote of the Board of Directors at a duly-called meeting at which a quorum is present, and ratified and approved by the affirmative vote of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4. Each member for each condominium unit owned, and the Declarant for units owned, shall pay to the Corporation a special assessment equal to 1/48 of the total sum approved by the Corporation to meet the costs and expenses as provided in Section 3 hereof.

Section 5. The amount of the special assessment provided for in Section 3 and 4 shall be assessed as a lien by the Corporation. Each such assessment shall be due and payable within thirty (30) days of assessment, and upon default of payment within such period of time, shall be a lien against each condominium unit owned by the defaulting member and against those units, if any, owned by the

at their discretion may from time to time issue permits to persons residing outside the condominium regimes located in the Development Area. Such permit holders may use the swimming pool facilities subject to such fees, rules and regulations and cancellation terms as promulgated by the Board of Directors. The Interim Board of Directors may not issue such permits.

#### ARTICLE X

##### RESERVE FOR REPLACEMENTS

The Corporation shall establish and maintain a reserve fund for replacements by the allocation and payment annually to such reserve fund in such amounts as are established by the Board of Directors. Such fund shall be deposited in a special account with a safe and responsible depository and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by the United States of America. The reserve fund is for the purpose of effecting replacements for structural elements and mechanical equipment of the recreational facilities owned by the Corporation and for such other purposes as may be determined by the Board of Directors.

#### ARTICLE XI

##### INSURANCE

The Corporation shall keep the improvements now existing or hereafter erected on the property of the Corporation insured against loss by fire and other hazards. Such insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard. The Corporation shall also obtain a broad form public liability policy covering all common elements and buildings, and all damage or injury caused by the negligence of the Corporation, any of its agents, or any permit user under Article VII.

#### ARTICLE XII

##### DISSOLUTION

The Corporation may be dissolved with the assent given in writing and signed by not less than three-quarters (3/4) of the members. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

#### ARTICLE XIII

##### AMENDMENTS

Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

#### ARTICLE XV

#### STATUTORY AGENT

The name and address of the initial statutory agent of the Corporation is Charles B. Burton, of Burton & Lyding, 718 East Bethany Home Road, Phoenix, Arizona.

#### ARTICLE XVI

#### DEFINITIONS

As used in these Articles -

Section 1. "Association" shall mean and refer to HIGHLAND VILLAGE CONDOMINIUMS ASSOCIATION, its successor and assigns.

Section 2. "Properties" shall mean and refer to the certain real property described in the Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" and "Common Elements" shall be synonymous and are known as Tracts A & B and such other portions of HIGHLAND VILLAGE AMENDED, a subdivision recorded in Book \_\_\_\_\_ of Maps, Page \_\_\_\_\_, official records of Maricopa County, Arizona as shall be for the common use and enjoyment of the owners, and further defined as follows:

Each multifamily structure (except for the units), the earth upon which the structure is located (as set forth in the legal description in ARTICLE I, Section 8, of the Declaration), the air space above the interior surface of the ceiling of the structure, all bearing walls, columns, floors, roofs, ceilings, slabs, foundations, storage spaces, patios, tanks, and other central services and all recreational facilities, lawns, pavement, trees and all other landscaping on the project on which the multifamily structures are located, pipes, ducts, chutes, conduits, wires and other installations of the multifamily structures, wherever located, except the outlets thereof when located within the units.

Section 4. "Unit" shall mean and refer to a separately designed and legally described freehold estate consisting of the apartment units in each multifamily structure, each separately shown, numbered and designated on the condominium plan shown on Exhibit A as attached to the Declaration, hereof, and shall be a separate freehold estate consisting of the space bounded by and contained within and including the interior surfaces of the perimeter walls, doors, ceilings, windows and floors of each unit, each of such spaces being defined and referred to herein as a

whether one or more persons or entities, of equitable title in fee simple (or in legal title if equitable title has merged) of any unit which is part of the properties, including contract sellers, but excluding those having such interest merely as security for the performing of an obligation.

Section 6. "Declarant" shall mean and refer to HIGHLAND VILLAGE a limited partnership, its successors and assigns if such successors or assigns should acquire more than one (1) unit from the Declarant for the purposes of development or sale.

Section 7. "Declaration" shall mean and refer to the Declaration of Horizontal Property Regime and Covenants, Conditions, and Restrictions to which these Articles are attached.

Section 8. "Member" shall mean and refer to every person or entity who holds a membership in the Corporation.

\_\_\_\_\_  
GEORGE KNOLL

\_\_\_\_\_  
RICHARD B. JORDAN

\_\_\_\_\_  
THOMAS HALTER

STATE OF ARIZONA )  
                          )ss  
County of Maricopa)

On this \_\_\_\_\_ day of \_\_\_\_\_, 1981, before me personally appeared GEORGE KNOLL to me known to be the person described in and who executed the foregoing instrument and he thereupon duly acknowledged to me that he executed the same.

\_\_\_\_\_  
Notary Public

My commission expires:  
  
\_\_\_\_\_

STATE OF ARIZONA )  
                          )ss  
County of Maricopa)

On this \_\_\_\_\_ day of \_\_\_\_\_, 1981, before me personally appeared RICHARD B. JORDAN to me known to be the person



APPENDIX A

LEGAL DESCRIPTION OF 15th STREET AND HIGHLAND AVENUE

North 1/2 of the East 1/2 of Lot 18 Lincoln Place according to book 3 of Maps, Page 65 of records of Maricopa County, Arizona.