

State  
of  
California

OFFICE OF THE SECRETARY OF STATE

FILED

APR 3 1978

WILLIAM E. ST JOHN, County Cl.  
By CKH Depul

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

MAR 24 1978



March Fong Eu

Secretary of State

841843

ARTICLES OF INCORPORATION  
OF  
THE HIGHLANDS COMMUNITY ASSOCIATION

RECORDED  
FILED  
In the office of the Secretary of State  
of the State of California  
MAR 22 1978  
JAMES C. ... Secretary of State  
By ... Deputy

ARTICLE I

NAME

The name of this corporation shall be: The Highlands Community Association.

ARTICLE II

PURPOSES

(a) The specific and primary purpose for which this corporation is formed is to provide community services and facilities or contract for the provision thereof, for the general use, benefit and welfare of the owners and/or occupants of lots situated within that certain real property in the City of Irvine, Orange County, California, known as Turtle Rock Highlands Garden Homes.

(b) In connection with the foregoing specific and primary purpose, a declaration of covenants, conditions and restrictions (the "Declaration") which encumbers said property has been or will be recorded by The Donald L. Bren Company, a California corporation, which Declaration defines this corporation as the "Association" in the Article thereof entitled "Definitions." Included in the specific and primary purpose as hereinabove set forth is the performance of all lawful acts as shall generally benefit said property, including, without limitation: the management and maintenance of said property and the preservation of the value, desirability and attractiveness thereof all in accordance with the terms of the Declaration, as well as the disbursement and allocation of funds as set forth therein.

(c) In addition to its specific and primary purpose, the purpose of the corporation shall be to engage as a nonprofit corporation in any one or more activities authorized by the Board of Directors which shall be consistent with the General Nonprofit Corporation Law of the State of California as that law is now or may hereafter be in effect.

ARTICLE III

NONPROFIT LAWS

This corporation is organized pursuant to the General Nonprofit Corporation Law of the State of California and no part of the net earnings of the corporation shall inure to the benefit of any of its members or any other individual. Nothing contained in the foregoing statement of purposes shall be construed to authorize this corporation to carry on any activity for the profit of its members, or to distribute any gains, profits, or dividends to any of its members as such, or to engage, except to an insubstantial degree, in any activities which are not in furtherance of the specific and primary purposes of this corporation.

#### ARTICLE IV

##### PRINCIPAL OFFICE

- The county in the State of California where the principal office for the transaction of the business of the corporation is located is the County of Orange.

#### ARTICLE V

##### DIRECTORS

- (a) The names and addresses of the persons who are appointed as first directors of this corporation are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Ross Willard	500 Newport Center Drive, Suite 200, Newport Beach, CA 92660
Harry Shull	" " " " " " " " " "
Bruce Froehlich	" " " " " " " " " "
Rhonda Arthur	" " " " " " " " " "
Annaline Horrell	" " " " " " " " " "

- (b) Said directors, or any directors selected prior to the first annual meeting of the members of this corporation, shall act as such only until said first annual meeting, at which time the continuance of said directors, or any thereof, or the selection of any new director or directors, shall be determined in accordance with the Bylaws.

- (c) The number of the directors of this corporation shall be not less than five (5) nor more than seven (7). The exact number of directors shall be fixed within the limits herein specified by a duly adopted Bylaw or by a duly adopted amendment thereto; provided, however, the first Board of Directors of the corporation shall consist of five (5) directors.

#### ARTICLE VI

##### BYLAWS

The different classes of membership in the corporation, if any, together with the respective voting and other rights and privileges of each class of said membership, shall be as set forth in the provisions therefor made in the Bylaws of this corporation and the Declaration. The provisions for the election and the term of office of the Board of Directors, and for the adoption, approval, and use by this corporation of membership certificates setting forth thereon the rights and privileges of said members, shall also be as set forth in the Bylaws of this corporation.

#### ARTICLE VII

##### DISSOLUTION

Upon dissolution of this corporation, the net assets, remaining after satisfaction of all just debts and obligations of the corporation, shall not inure to the benefit of the members of the corporation, but shall be distributed to any other nonprofit corporation organized for purposes similar to this corporation or to a city, county or other public agency with the intent of carrying out the purposes of this corporation.

## ARTICLE VIII

### RESERVE FOR REPLACEMENTS

The corporation shall establish and maintain one or more reserve fund or funds for replacements, any operating requirement of this corporation, or any other contingency determined by the Board of Directors, and payment annually to such reserve fund or funds in such amounts as are established by the Board of Directors. Such fund or funds 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. A separate account shall be maintained for the deposit of funds collected for each purpose determined by the Board of Directors. The reserve fund or funds is for the purpose of effecting replacement for structural elements and mechanical equipment of any recreational or other facilities owned by this corporation or owned in common by the members of this corporation and maintained by this corporation pursuant to the Declaration, or for any other purposes as may be determined by the Board of Directors.

## ARTICLE IX

### LIMITATIONS ON ACTIONS - HUD

If and so long as a contract of mortgage insurance issued by the Department of Housing and Urban Development ("HUD") continues in effect with respect to a unit or property located on the Covered Property, and during such further period of time as the Secretary of HUD is the owner of such unit or holder, or reinsurer of any such mortgage, or during any such time the Secretary is obligated to insure a mortgage on any such unit or property, the following actions of the Board of Directors shall require the prior written approval of the Secretary:

- (a) failing to allocate a minimum amount approved by HUD for monthly payments to the reserve fund for replacements;
- (b) make disbursements from the reserve fund for replacements;
- (c) execution of a contract for the professional management of the Covered Property.
- (d) dedication, leasing, mortgaging or selling of any real or personal property of the corporation.

## ARTICLE X

### AMENDMENT OF ARTICLES-

The amendment, alteration or repeal of any provision contained in these Articles of Incorporation shall require both a resolution of the Board of Directors and the vote or written assent of not less than a majority of the voting power of the corporation, and all rights and powers conferred herein on members, directors and officers are subject to this reserved power. Notwithstanding the foregoing, as long as there is a Class B membership as provided in the Bylaws and the Declaration, these Articles of Incorporation may be amended, altered, changed or repealed only by the vote or written assent of a majority of the voting power of each of the Class A and Class B membership.

IN WITNESS WHEREOF, for the purpose of forming this corporation, the undersigned, constituting the incorporators and first directors, have executed these Articles of Incorporation this 17 day of March, 1978.

Ross Willard Bruce H. Froehlich  
Annaline Horrell Rhonda L. Arthur  
Harry Shull

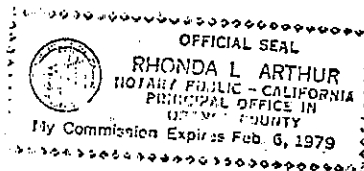
STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ORANGE )

On March 17, 1978 before me, the undersigned, a Notary Public in and for said State, personally appeared Ross Willard, Annaline

Horrell, Harry Shull, and Bruce H. Froehlich known to me to be the person s whose name s ~~are~~ subscribed to the within instrument and acknowledged to me that the y executed the same.

WITNESS my hand and official seal.

Rhonda L. Arthur  
Notary Public in and for said State



STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ORANGE )

On March 17, 1978 before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_

Rhonda L. Arthur known to me to be the person whose name is ~~are~~ subscribed to the within instrument and acknowledged to me that s he executed the same.

WITNESS my hand and official seal.

Lucy M. Cole  
Notary Public in and for said State

