

State of California
Secretary of State



I, BRUCE McPHERSON, Secretary of State of the State of California, hereby certify:

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That the attached transcript of _____ page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



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

NOV 15 2005

BRUCE McPHERSON
Secretary of State

**ARTICLES OF INCORPORATION
OF
THE HIGHLANDS OWNERS ASSOCIATION**

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

NOV 15 2005

I

The name of this corporation is THE HIGHLANDS OWNERS ASSOCIATION.

II

This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law. More specifically, the corporation will own, repair, maintain and manage common areas of The Highlands common interest development, and provide landscape maintenance to portions of the lots within that development, enforce the rules and regulations as adopted from time to time by the Board of Directors, and discharge such other lawful duties and responsibilities as may be required pursuant to the corporation's Bylaws and the Declaration of Covenants, Conditions and Restrictions for The Highlands (the "Declaration") recorded in the Office of the Recorder of Nevada County, State of California, with respect to The Highlands common interest development (the "Development").

III

The name and address in this state of the corporation's initial agent for service of process is William Ross, 8458 O'Brien Road, Smartsville, California 95977.

IV

This corporation is an association formed to manage a common interest development under the Davis-Stirling Common Interest Development Act. The business office of the corporation is P.O. Box 905, Penn Valley, California 95946. The nine-digit ZIP code for the Development is 95945-0000; and the front street and the nearest cross street of the Development are the Nevada County Highway and Catalpa Lane, respectively. There is no managing agent for the corporation at the time these Articles of Incorporation are being filed.

V

This corporation is intended to qualify as a Homeowners' Association under the applicable provisions of the Internal Revenue Code, and of the Revenue and Taxation

Code of California. No part of the net earnings of this corporation shall inure to the benefit of any private individual, except as expressly provided in those sections with respect to the acquisition, construction, or provision for management, maintenance, and care of the corporation's property, and other than by a rebate of excess membership dues, fees, or assessments. In the event of the dissolution, liquidation, or winding up of the corporation, upon or after termination of the aforementioned real estate development in accordance with provisions of the Declaration, the corporation's assets remaining after payment, or provision for payment, of all known debts and liabilities of the corporation shall be divided among and be distributed to the members thereof in accordance with their respective rights therein.

VI

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

VII

The authorized number, and qualifications for membership in this corporation, the different classes of membership, the property, voting and other rights and privileges of members and their liability for dues and assessments and the methods of collection thereof, shall be as provided for in the Bylaws of this corporation and the Declaration.

VIII

Any amendment of the articles hereunder shall require the vote or consent by written ballot of (i) at least a bare majority of the Board of Directors; (ii) so long as the corporation has Class A and Class B memberships, upon the vote or written assent of at least a bare majority of each class; or (iii) after conversion of the Class B memberships to Class A memberships, upon the vote or written assent of a bare majority of the total voting power of the corporation, including a bare majority of the voting power of members other than the Declarant.

DATED: 11-15, 2005.


Curtis C. Sproul, Incorporator

