

When Recorded Return To:
Smith & Wamsley, PLLC
5285 East Williams Circle, Suite 2000
Tucson, AZ 85711

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE HIGHLANDS SUBDIVISION
UPDATING THE CORPORATE MEMBERSHIP FEE**

This Resolution updating the Corporate Membership Fee is made by the Board of Directors of The Highlands Inc. ("Association"), an Arizona non-profit corporation.

RECITALS

WHEREAS the First Declaration of Covenants, Conditions, and Restrictions for the Highlands, Inc. ("Original Declaration") was recorded on October 19, 1960, in the Pima County Recorder's Office at Docket 1687, page 129;

WHEREAS the Original Declaration was amended and replaced by the 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions, recorded on March 20, 2019, in the Pima County Recorder's Office at Sequence Number 20190790198 ("CC&Rs");

WHEREAS the CC&Rs were amended by the First Amendment to 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions recorded on March 1, 2022, in the Pima County Recorder's Office at Sequence Number 20220600715 ("First Amendment");

WHEREAS Section 2(a) of the CC&Rs establishes a mandatory Corporate Membership Fee;

WHEREAS the Corporate Membership Fee is subject to adjustment by the Board of Directors; and

WHEREAS, the Board of Directors has determined that the Corporate Membership Fee needs to be updated.

NOW, THEREFORE, effective as of the ___ day of November 2023, the Corporate Membership Fee for The Highlands shall be \$1,500.00 unless and until further modified by the Board of Directors.

IN WITNESS WHEREOF, the Board of Directors has resolved to approve the foregoing updated Corporate Membership Fee as of November 15, 2023. This Resolution is signed by the President of the Board and attested by the Secretary of the Board.

By: _____

President, acting

Date: 12/8/2023

Attested

By: _____

Secretary

Date: 12/7/2023

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Gabriella Cázares-Kelly

Page: 1 of 3

OFFICIAL RECORDS OF PIMA COUNTY, AZ

When Recorded Return To:
Smith & Wamsley, PLLC
7375 East Tanque Verde Road
Tucson, Arizona 85715

**SECOND AMENDMENT TO 2019 AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS OF THE HIGHLANDS SUBDIVISION**

This Second Amendment ("Second Amendment") to the 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Highlands Subdivision is made by The Highlands Inc., ("Association") an Arizona non-profit corporation, in recognition of the following facts and intentions:

RECITALS

WHEREAS the First Declaration of Covenants, Conditions, and Restrictions for The Highlands, Inc. ("Original Declaration") was recorded on October 19, 1960, in the Pima County Recorder's Office at Docket 1687, page 129;

WHEREAS the Original Declaration was amended and replaced by the 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions, recorded on March 20, 2019, in the Pima County Recorder's Office at Sequence Number 20190790198 ("CC&Rs");

WHEREAS the CC&Rs were amended by the First Amendment to 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions ("First Amendment") recorded on March 1, 2022, in the Pima County Recorder's Office at Sequence Number 20220600715 ("First Amendment");

WHEREAS the CC&Rs, at Section 17, allow "the owners of a majority of the home sites" to "amend, change or terminate in whole or in part, said CC&Rs."

WHEREAS the Membership of the Association has approved the following amendments by a majority of the owners of homesites at the annual membership meeting as required by the CC&Rs.

AMENDMENTS

NOW, THEREFORE, Section 20, paragraph (b) of the CC&Rs is hereby deleted and replaced with the following language:

The Reserve Plan shall be updated and approved by the Board annually. When the Reserve Fund Plan is below 75% of Full Funding, the annual Reserve Plan set-aside shall be adjusted to regain 100% funding within 5 years to When the Reserve Fund Plan is below 75% of full funding, the annual Reserve Plan set-aside shall be adjusted to regain 80% of Full Funding within 5 years.

NOW, THEREFORE, Section 10 of the CC&Rs is hereby deleted and replaced with the following language:

The Primary occupant of each residence in the Subdivision must be at least fifty-five years (55) of age prior to first occupying the residence. No persons under twenty-five (25) years of age may reside in the Subdivision. A surviving spouse shall be permitted a grace period if under fifty-five (55) years of age.

This Second Amendment is effective upon the date of its recording and fully incorporated into and made part of the 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Highlands Subdivision.

IN WITNESS WHEREOF, the President and Secretary of the Association certify that these amendments to the 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions were approved by a majority of the owners of homesites at the 2023 Annual Membership Meeting.

*****SIGNATURES ON NEXT PAGE*****

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By: Sara R. Danville
President

Date: 6/2/2023

By: Yvonne Kuhlman
Secretary

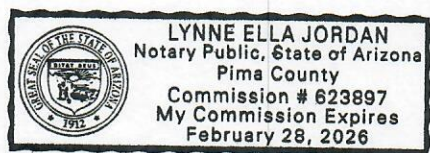
Date: 5/22/23

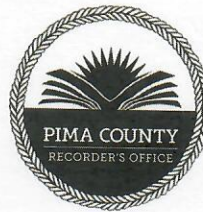
STATE OF ARIZONA)
)ss:
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 5 day of June, 2023 by Sara Danville, President, and Yvonne Kuhlman Secretary.

Lynne Jordan
Notary Public

My Commission expires: 2/28/26





SEQUENCE:

20220600715

NO. PAGES:

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MAIL

THE HIGHLANDS

332 W MATTERHORN ST

ORO VALLEY AZ 85737

When recorded, return to:

The Highlands, Inc.

332 W. Matterhorn Street

Oro Valley, Arizona 85737

RECEIVED
3/1/22

**FIRST AMENDMENT TO
2019 AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS (CC&Rs)
OF
THE HIGHLANDS SUBDIVISION**

(Amending Instrument Recorded in Instrument No. 20190790198)

This First Amendment to 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions (CC&Rs) of The Highlands Subdivision ("First Amendment"), is made by The Highlands, Inc., an Arizona non-profit corporation ("THI"), in recognition of the following facts and intentions:

A. The 2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions (CC&Rs) of The Highlands Subdivision ("CC&Rs"), was recorded on March 20, 2019, in Instrument No. 20190790198 of the Official Records in the office of the Pima County Recorder.

B. The CC&Rs presently affect that certain real property located in Pima County, Arizona, as described in the CC&Rs.

C. Pursuant to Section 17 of the CC&Rs, the THI desires to confirm that the owners of a majority of the home sites have decided to modify and amend the CC&Rs to reflect certain changes, as are more particularly set forth below and that such changes have been duly approved by such owners in the manner required by the CC&Rs.

NOW, THEREFORE, pursuant to Section 17 of the CC&Rs, the CC&Rs are hereby amended as follows:

1. The CC&Rs hereby are amended as follows:

1.1 Section 1(d) of the CC&Rs hereby is amended so that owners who shall acquire fee title to a lot subject to the CC&Rs after February 28, 2022, shall not have the option of

paying the quarterly maintenance fee on a monthly basis, but rather may elect to pay such fee to THI quarterly, semi-annually or annually.

1.2 Section 2(a) of the CC&Rs hereby is amended so that the Corporate Membership Fee, currently \$760.00, shall be deposited into THI's capital improvement fund and used in accordance with the policies of the Board applicable to such fund.

1.3 Section 20(a) of the CC&Rs hereby is deleted and replaced with the following language:

"The Board is allowed to spend a maximum of \$35,000 ("Single Expenditure Limit") in a twelve month period for any one capital expenditure, indebtedness or liability. Advance authorization, by an affirmative vote of the majority of votes cast by the members at an annual or special meeting, must be secured for any single project exceeding \$35,000. Notwithstanding the foregoing, the Single Expenditure Limit automatically shall increase on a cumulative basis commencing on January 1, 2023, and on each January 1 thereafter (each, an "Adjustment Date") in accordance with increases in the Index if, on December 31, 2022, and on each December 31 thereafter, the Adjustment Index is greater than the Base Index. If the Adjustment Index is greater than the Base Index, the Single Expenditure Limit shall be increased accordingly. "Base Index" means the Index as of December 31, 2021. "Adjustment Index" means the Index as of December 31 immediately preceding the Adjustment Date. The "Index" means the Consumer Price Index, Rent-All Cities - West, Base Period of 1982-1984=100, published in the Federal Reserve Bulletin, Business Conditions Digest. If such Index is not available, the Index shall mean the U.S. City Average All Items Consumer Price Index for All Urban Consumers (1982-1984=100), published by the Bureau of Labor Statistics of the United States Department of Labor; provided, however, if the Bureau of Labor Statistics shall fail to publish such index or a comparable cost of living index number for any period with respect to which a consumer price index is required to be determined for purposes of this paragraph, but a comparable cost of living index number shall be published by any governmental agency of the United States of America in place thereof, such comparable index number shall be used as the Index hereunder. If that substitute index is not available, THI shall use the most similar index for the State of Arizona published by the federal government or by the State of Arizona if not published by the federal government."

2. The Recitals set forth above are incorporated by reference in the body of this First Amendment as if fully rewritten herein.

3. Any person or entity designated by the THI from time to time is authorized and directed to take such steps, make such filings and do such things as may be deemed reasonably necessary or desirable by the THI and/or to take any other steps deemed necessary or appropriate by the THI in connection with the execution and delivery for recordation of this First Amendment and the consummation of the amendments contemplated hereby.

4. Words used herein with initial capital letters are defined as set forth in the CC&Rs except as otherwise specifically defined in this First Amendment.

5. To the extent of any inconsistency between the terms and provisions of this First Amendment, and the terms and provisions of the CC&Rs, the terms and provisions of this First Amendment shall govern and control. Words used herein with initial capital letters shall be defined as set forth in the CC&Rs, unless specifically defined herein.

6. Except as specifically amended by this First Amendment, the CC&Rs shall remain in full force and effect and unmodified.

7. By its execution below, the THI hereby certifies that, at a meeting duly called and held on Feb. 4th, 2022, the owners of a majority of the home sites voted affirmatively for the adoption of this First Amendment.

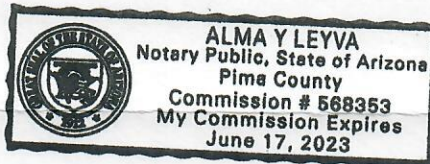
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IN WITNESS WHEREOF, the undersigned has executed this First Amendment to be effective as of 2-23, 2022.

The Highlands, Inc., an Arizona nonprofit corporation

By: Craig Bennett
Craig Bennett, President

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)



The foregoing instrument was acknowledged before me this 23rd day of February, 2022, by Craig Bennett, President of The Highlands, Inc., an Arizona nonprofit corporation, for the purposes herein stated.

[Signature]
Notary Public

My Commission Expires:

JUN 17, 2023

When recorded mail to:

Highlands, Inc.
332 W. Matterhorn St.
Oro Valley, Arizona 85737

**SCRIVENER'S ERROR CORRECTION
OF
2019
AMENDED AND RESTATED
DECLARATION
OF CONDITIONS, COVENANTS AND RESTRICTIONS (CC&Rs)
OF
THE HIGHLANDS SUBDIVISION**

**(Correcting Instrument Recorded at Sequence No. 20190790198
in the Pima County, Arizona, Records)**

This Scrivener's Error Correction of 2019 Amended and Restated Declaration of Conditions, Covenants and Restrictions (CC&Rs) of The Highlands Subdivision ("Scrivener's Error Correction") is made in reference to that certain 2019 Amended and Restated Declaration of Conditions, Covenants and Restrictions (CC&Rs) of The Highlands Subdivision ("Amended and Restated CC&Rs") as recorded on March 20m 2019, at Sequence No. 20190790198 in the Pima County, Arizona, Records, and which is attached to this Scrivener's Error Correction, to correct the Amended and Restated CC&Rs by adding following language to Section 1(d) of the Amended and Restated CC&Rs which language was inadvertently omitted from the Amended and Restated CC&Rs:

"SPECIAL NOTE: The quarterly payments will begin July 1, 2019. If this change presents a financial hardship on anyone, we are willing to work with you for a reasonable time period."

F. ANN RODRIGUEZ, RECORDER
Recorded By: GMS
DEPUTY RECORDER
4933

MAIL
HIGHLANDS
332 W MATTERHORN ST
ORO VALLEY AZ 85737



SEQUENCE:
NO. PAGES:

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Phone/Fax: (520) 297-2722
Email: highlands332@gmail.com
Website: www.thehighlandsinc.com

2019

Amended and Restated

**DECLARATION OF CONDITIONS, COVENANTS AND
RESTRICTIONS (CC&Rs)
OF
THE HIGHLANDS SUBDIVISION**

This Amendment and Restatement of Declaration of Restrictions is made this 1st day of February, 2019 by The Highlands, Inc. (THI), Successor to The Highlands Associates and assignee of Company, The Lusk Corporation. This instrument is applicable 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, Arizona and any recorded amendments hereto, and which properties are collectively known as The Highlands Subdivision (The Subdivision).

THI has been properly authorized to make this restatement and all amendments included herein, by the Declaration of Restrictions dated October 19, 1960, and recorded in the office of the Pima County Recorder, Docket 1687, page 129 et seq. This instrument is executed by the President and the Secretary of THI acting at the proper direction of the Directors and Members of THI pursuant to the provisions of the aforesaid Declaration. This Amendment and Restatement is intended to and does hereby restate, supersede and completely replace all previous restatements and amendments, including but not limited to the instruments set forth in Exhibit A attached hereto. This 2019 Amended and Restated Declaration of Restrictions (CC&Rs) shall be binding upon and operate to the benefit of present and future owners of property in the Subdivision, and shall be imposed upon each part of the Subdivision as a right in favor of all other parts thereof.

Pima County Recorder
Tracking #201900160

Each new home site owner shall receive a copy of The Articles of Incorporation, By-Laws and CC&Rs at property sale closing or upon payment of the first Maintenance fee. The purchaser's signed receipt for delivery of these documents is to be filed in the individual home site file at The Highlands, Inc. office.

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1. DEFINITIONS

a. The Highlands, Inc. (THI)

A non-profit corporation of home site owners and owner of community areas whose purpose it is to own, operate and/or maintain that property used in common by and for owners of lots within the subdivision.

b. Home Site

Any lot as platted in filing blocks 1 through 7, lots 1 through 357, book 15, page 21 and filing number 2, lots 401 through 458, book 25, page 79 as recorded in the office of the County Recorder of Pima County, Arizona and any recorded amendments thereto.

c. Member of The Highlands, Inc.

An owner of a home site recorded as a voting member in the office of The Highlands, Inc.

d. Quarterly Maintenance Fee

That dollar amount due each quarter to support the day-to-day maintenance and operation of The Highlands, Inc. and The Highlands Subdivision.

e. Reserve Fund

That money set aside from maintenance fees to cover expenditures not available from operating funds.

f. Full Funding of Reserves

Age of all reserve components divided by Useful Life multiplied by Current Replacement Cost.

g. Supplementary Assessment

That dollar amount levied on each home site to cover capital improvement or maintenance expense not otherwise covered by the maintenance fees.

h. Community Area Property

All property owned by The Highlands, Inc. for the common use and enjoyment of the members including, but not limited to, premises excepting land specifically designated as a "lot" on the plat of record and all recorded amendments thereto. This property shall also include all recreational facilities and community facilities including, but not limited to, swimming pools, miniature golf course, office facilities, trees, pavements, walkways, streets, RV area, pipes, wires, conduits and any other public utility lines.

The common areas, which are tax parcels numbered:

Block 1	Clubhouse	224-30-35904
Lot 133	Office	224-30-13304
Lot 352	Storage Building	224-30-35306
-	Highlands Wash	224-30-367C4
-	Streets	224-30-367A6
Lot 346	RV Storage Area	224-30-34709
Lot 347	RV Storage Area	224-30-34902
Lot 348	RV Storage Area	224-30-34905
Lot 349	RV Storage Area	224-30-35007
Lot 350	RV Storage Area	224-30-35108
Lot 351	RV Storage Area	224-30-35203
Lot 353	RV Storage Area	224-30-35409
Lot 354	RV Storage Area	224-30-35502
Lot 355	RV Storage Area	224-30-35605
Lot 356	RV Storage Area	224-30-35708
Lot 357	RV Storage Area	224-30-35801

All of which are restricted to use as common areas.

h. Capital Expenditures, Indebtedness or Liability

An expenditure for an added asset to the community property such as new structures, addition to existing structures, additional facilities or equipment, and additional real property.

i. Declaration of Restrictions

This Declaration of Conditions, Covenants and Restrictions (CC&Rs or Declaration of Restrictions).

j. Compliance Committee

A committee of members responsible for reviewing submittals for approval prior to the start of exterior changes, improvements or construction to a home or lot.

k. Resident or Residents

Renters or others residing in The Highlands, Inc., but not necessarily the homeowner.

l. Director

Any person currently serving on the Board of Directors of The Highlands, Inc.

2. MEMBERSHIP AND APPROVAL

- a. 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. Each purchaser of a home site shall be a member of THI upon payment of the Corporate Membership Fee, currently \$760.00. Membership in THI shall be appurtenant to and may not be separated from ownership of any home site. If any member of THI fails to pay the Corporate membership fee, THI shall treat such fee as a supplementary assessment under Section 12.c. below and may collect such fee pursuant to Section 12.d. below.
- b. No home, building, addition or accessory, wall, fence or other structure shall be installed, commenced, erected, altered or modified, nor shall any external addition, change or alteration thereto be made until appropriately detailed plans and specification have been submitted to and approved in writing by THI and the Town of Oro Valley, if required. The plans shall show nature, kind, shape, type of materials, exterior plans and locations for each structure proposed, submitted to and approved in writing by THI Compliance Committee. THI may disapprove all such plans and specifications that conflict with the CC&Rs after review. THI shall give written notice of its approval or disapproval of such plans and specifications within thirty (30) days of receipt thereof.
- c. No property in the Subdivision may be graded or otherwise altered without the prior written consent of THI. No part of any fence shall be more than three (3) feet higher than the mean grade level of the lot on which it is erected.
- d. All home/lot improvement requests shall be submitted to and signed by two (2) THI Compliance Committee members. No variances from the CC&Rs shall be given.

3. APPEARANCE

- a. Facing a home site from the street, each home site shall have a side yard at its right of not less than five (5) feet, a side yard at its left of not less than fifteen (15) feet, and a rear yard of not less than ten (10) feet. No permanent or temporary structures or mobile homes shall be placed on such side or rear yards. The home site line is ten (10) feet from the street, i.e., any structure must be set back a minimum of ten feet from the paved road edge.
- b. All measurements shall be from the neighboring property line to the nearest overhang, which includes patio and carport awnings.

- c. All homes installed in THI shall be no higher than thirteen (13) feet, six (6) inches when measured from the bottom of the floor to its highest point; and shall be no higher than fifteen (15) feet, including skirting, from ground level to highest point at finished installation. No structure in THI shall have two stories. No home or any other structure shall have a sun deck, observation deck or any similar facility constructed on its roof or awnings.
- d. No shrub, tree or object of any kind shall be so placed on any home site as to constitute a visual obstruction for drivers of vehicles, or other traffic hazard.
- e. No external sending or receiving device may be erected without prior approval by THI, which approval shall not be unreasonably withheld.
- f. Any variations existent prior to February 2, 1996 are exempt from this section.
- g. The accepted colors for homes in THI Subdivision are shown on the chart located in the office complex. The predominant color of all homes/structures shall be the outside three circles shown on the chart. The darker colors on the four inside circles may be used on trim and doors only. Any painting of the home/structure shall require a written request and written approval from THI Compliance Committee. THI Board shall have the authority to require homeowners to repaint the home/structure if approved colors are not used.

4. USES

All property in the Subdivision shall be used exclusively for residential purposes, except for the common areas.

5. RESIDENTIAL STRUCTURES

No home or other residential structure may be placed on any home site until approved in writing by THI as to its size, condition and appearance as follows: The minimum floor space size for each structure shall be four hundred fifty (450) square feet and total height no more than fifteen (15) feet measured from ground level; each structure must have a lavatory, toilet, wash basin, tub or shower and kitchen sink, all in good operating condition; each such structure must be connected to sewerage outlets in conformity with all municipal, county and state requirements within thirty (30) days after it is placed on any home site. Each such structure shall be set and skirted to ground level and backfilled as appropriate in accordance

with the plans and specifications approved pursuant to 2. MEMBERSHIP AND APPROVAL above.

- a. No more than one (1) residential structure, designed and used as a single family dwelling unit, may be placed on any home site.
- b. A survey shall be required on any home site where there is a conflict on an improvement request to add to an existing structure, add a new structure, or a Title Company requirement and no survey exists or the survey pins cannot be found. Surveys shall always be required when an older home is being removed and replaced. The home site owner shall pay the cost of such survey.
- c. Any used home being brought into THI Subdivision must be inspected and approved by two or more members of the Board of Directors prior to move-in.
- d. Each home site owner shall notify THI's office whenever said home owner rents, sells, gives, transfers or otherwise conveys any residence. Failure to notify THI's office will result in fees according to Arizona Revised Statutes Section 33-1806.01.

6. SOLICITATION

One "House for Sale" sign, not to exceed 432 square inches, may be placed on any house for sale. One "Open House" sign, 432 square inches, may be placed on the home site for the duration of the event. One "Moving Sale" or "Estate Sale" is allowed. Signs, 432 square inches, may be placed on the home site for a maximum of two days. No "Yard Sales" are allowed except the annual Community Yard Sale. No other advertising sign of any character may be erected, placed, permitted or maintained on any home site or THI property. Door-to-door solicitation or canvassing of any type for any purpose is expressly forbidden except for Subdivision sponsored affairs or Subdivision issues.

7. ACTIVITIES

No loud, noxious, unsightly or offensive activity shall be carried on in the Subdivision, nor shall anything be done in the Subdivision which may be or may become an annoyance or nuisance to Subdivision residents.

8. VEHICLES

- a. All RV's, campers, boats, boat trailers, travel trailers, utility trailers and any similar vehicle or property shall be stored only in the RV area and must have current plates and registration at all times. Any existing violations must be brought into compliance within thirty (30) days of notification.
- b. No cars, trucks, vehicles or property may be parked on any street overnight except one recreational vehicle owned by a Subdivision resident, may be parked on that resident's property or on the street in front of that property while that vehicle is being loaded for departure and unloaded upon return. Any such loading or unloading period may not exceed seventy-two (72) hours.
- c. Each assigned RV space will have a monthly storage fee assessed.
- d. Failure to comply with any of the above regulations will result in a fine or fines according to THI Policy.

9. DRYING

Drying wash shall be hung only in a community area provided for such purpose by THI.

10. AGE REQUIREMENTS

The primary occupant of each residence in the Subdivision must be at least fifty-five (55) years of age prior to first occupying the residence. The primary occupant of any residence during any calendar year is the occupant who resides or will reside at that residence for a greater portion of that year than any other occupant of that residence. If two or more occupants of a residence have equal occupancy periods during any calendar year, and if no other occupant of that residence has a longer occupancy period during that year, the primary occupant is the oldest of these two or more occupants. No person under twenty-five (25) years of age may reside in the Subdivision. A surviving spouse shall be permitted a grace period if under fifty-five (55).

11. ANIMALS

The Highlands, Inc. has a "no pets" policy. Assistance and service animals regulated by the Federal Department of Housing and Urban Development (HUD) and the Fair Housing Act (FHACT) Section 504 and Department of Justice Regulations, may be kept in the

Subdivision. Such Animals, often referred to as “Assistance Animals”, “Service Animals”, “Emotional Support Animals” or “Therapy Animals” provide disability related functions. Persons seeking a reasonable accommodation for such an “Assistance or Service Animal” are required to provide THI with documentation from a medical doctor stating the necessity of such Assistance Animal. Failure to provide required documentation will result in a fine as defined in THI’s Policies.

12. COMMUNITY AREAS & FEES

- a. Each resident of the Subdivision shall have the right to use the Community Areas in accordance with such rules and regulations as may from time-to-time be prescribed by THI, and not otherwise. A maintenance fee shall be imposed against each home site and shall be the same for all home sites. The owner of each home site not owned by THI shall pay the maintenance fee to THI as compensation for the privileges herein granted and for the services furnished or secured by THI hereunder. The maintenance fee may be increased by no more than ten percent (10%) per year (rounded to the nearest dollar) without the consent of the majority of home site owners.
- b. Each maintenance fee shall constitute a lien on the home site and shall be due and payable within fifteen (15) days after the due date. Notice of delinquent fee payment shall be mailed or delivered to such home site owner. A late fee of \$10 shall be assessed. All fees and costs incurred by THI in enforcing said lien, including reasonable attorneys’ fees, are part of said lien and shall be paid in full prior to release of said lien.
- c. Supplementary assessments shall constitute a lien on the home site and shall be due and payable within thirty (30) days of notice to the home site owner. Interest shall accrue at the rate of 10% per annum of the delinquent amount, plus costs and legal fees.
- d. THI may enforce its rights hereunder by following the procedure provided for the enforcement of mechanics’ and materialmen’s liens in the State of Arizona, and may enforce such liens or foreclose same in the manner provided for the foreclosure of realty mortgages. No claim against THI shall constitute a defense or offset in any action by THI for non-payment of any amounts assessed hereunder.
- e. This section constitutes a specific request by each home site owner that THI execute the obligations imposed on it hereunder.

13. UTILITIES

THI may, with approval from the Arizona Corporation Commission or its successor, and of a duly certified utility or service company, arrange for the provision of and payment for any utility or service THI deems necessary to the Subdivision.

14. PROPERTY MAINTENANCE

- a. All property in the Subdivision shall be maintained and kept clean at all times by its owners in a manner which meets the approval of THI. No trash, garbage or other waste shall be kept on any property except in covered sanitary containers, which shall be left roadside no longer than 24 hours. No appliances, construction material, furniture (other than outdoor furniture) or other unsightly items shall be kept in the carport or yard of any property. Upon notice, failure to comply within thirty (30) days will result in a fine or fines according to THI Policies.
- b. In the event any such property is not so maintained and kept clean, the owner shall be notified to bring the property up to a standard which meets with the approval of THI, in its sole discretion, and to maintain such property according to such standard. If the owner fails to comply, THI may cause such property to be brought up to standard and the owner of such property shall reimburse THI for all clean-up costs.
- c. The clean-up costs shall constitute a lien on such property and shall be payable within ten (10) days after notice of the amount is mailed or delivered to the property owner's home site or other address. Interest on such amount shall accrue at the rate of ten percent (10%) per annum (or any lower maximum rate permitted by law) until paid on any amount not paid within such ten (10) days. All fees and costs incurred by THI in enforcing said lien, including reasonable attorneys' fees, are part of said lien and shall be paid in full prior to release of said lien.
- d. THI may enforce its rights hereunder by following the procedure provided for the enforcement of mechanics' and materialmen's liens in the State of Arizona, and may enforce such liens, or foreclose same, in the manner provided for the foreclosure of realty mortgages. No claim against THI shall constitute a defense or offset in any action by THI for non-payment of any amounts assessed hereunder.
- e. This section constitutes a specific request by each property owner that THI execute the obligations imposed on it hereunder.

15. VIOLATIONS

- a. Any violation of these CC&Rs may result in a fine or fines according to THI Policies.
- b. In the event of any violation or threatened violation of any CC&Rs herein, any Subdivision property owner, including THI, may bring an action at law or in equity, for injunction, damages or such other remedy as may be available. In the event that THI or any such owner recovers judgment against any person for any such violation or threatened violation, THI or such owner shall also be entitled to recover from such person all fees and costs including reasonable attorneys' fees.

16. NONWAIVER

The failure by any property owner, including THI, to enforce any CC&Rs herein contained shall in no event be deemed a waiver of the right to do so thereafter as to the same breach or as to any other breach occurring prior or subsequent thereto, nor shall such failure give rise to any claim or cause of action against THI or such owner.

17. DURATION

The CC&R's herein run with the land and shall bind all persons in interest, all owners of property in the Subdivision and their heirs, legal representatives, successors and assigns. The owners of a majority of the home sites, may amend, change or terminate in whole or in part, said CC&Rs at the annual meeting. Such amendments, changes or terminations shall be effected by instruments in a recordable form executed by THI or its successors and filed in the proper office of record.

18. PROPERTY SALES

THI shall not dispose of, sell, mortgage nor encumber any community area real property without a vote of approval from two thirds (2/3) of the home site owners.

19. CONSTRUCTION

If any provision of this Declaration or the application of such provision to any person or circumstances shall be held invalid, the remainder of this Declaration or the application of such provision to persons or circumstances, other than those as to which it is held invalid,

shall not be affected thereby. The language used herein shall be construed according to its fair and usual meaning. Whenever the content of any provision shall require it, the singular number shall be held to include the plural number and vice versa. All words used in any gender shall extend to and include all genders. Section headings are for ease of reference only and do not constitute any part of the substance of this Declaration.

20. RESERVE FUND AND SUPPLEMENTARY ASSESSMENTS

- a. The Board is allowed to spend a maximum of \$25,000 in a fiscal year (January through December) for any one project, capital expenditure, indebtedness, liability or maintenance. Advance authorization, by an affirmative vote of the majority of votes cast by the members at an annual or special meeting, must be secured for any projects exceeding the sum of \$25,000.
- b. The Reserve Plan shall be updated and approved by the Board annually. When the Reserve Fund is below 95% of Full Funding, the annual Reserve Plan set-aside shall be adjusted to regain 100% of Full Funding within five years.

21. DISPUTE RESOLUTION

All disputes between and among any resident or homeowner and THI, including its successors and assigns, or any current or former officer, director, agent or employee of THI, regardless of when or under what circumstances the dispute arises, shall be resolved in accordance with Arizona Law in the State or County Court having jurisdiction located in Pima County, Arizona. The substantially prevailing party in such litigation shall be entitled to an award of its reasonable attorneys' fees and costs against the other party(ies).

22. APPLICATION

This Declaration of Restrictions shall be binding upon and operate to the benefit of THI, each home site owner and their respective heirs, executors, personal representatives, successors and assigns.

THIS DECLARATION OF RESTRICTIONS, OF THE HIGHLANDS SUBDIVISION, IS
HEREBY ADOPTED THIS 1st DAY OF FEBRUARY, 2019.

THE HIGHLANDS, INC.

BY: Craig Bennett, It's President
Craig Bennett

Attest: Mary Rausch It's Secretary
Mary Rausch

(Notarial Affidavit)

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged by me this 21st day of February, 2019 by Craig Bennett and Mary Rausch of The Highlands, Inc., an Arizona non-profit corporation, on behalf of the Corporation.

AG Notary

My commission expires: May 22, 2022

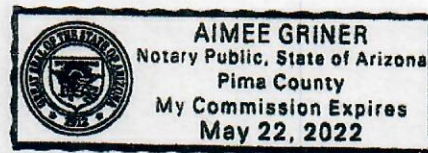


EXHIBIT A

The following instruments are hereby revoked, superseded and replaced by the herein Amended and Restated Declaration of Conditions, Covenants and Restrictions for The Highlands, Inc. (The Highlands Subdivision).

1. Declaration of Restrictions dated October 19, 1960, recorded in the Pima County Records Office at Docket 1687, page 129 et seq.
2. Amendment to Restrictions dated November 12, 1962, recorded in the Pima County Records Office at Docket 2016, Page 442 et seq.
3. Amendment to the Restrictions dated April 2, 1963, recorded in the Pima County Records Office at Docket 2080, Page 504 et seq.
4. 1989 Declaration of Restrictions dated May 6, 1989, recorded in the Pima County Records Office at Docket 08546, Page 1257 et seq.
5. 1996 Amended and Restated Declaration of Restrictions dated February 2, 1996, recorded in the Pima County Records Office at Docket 10233, Page 581 et seq.
6. 2000 Amended and Restated Declaration of Restrictions dated January 1, 2000, recorded in the Pima County Records Office at Docket 11173, Page 975 et seq.
7. 2004 Amended and Restated Declaration of Restrictions dated March 9, 2004, recorded in the Pima County Records Office at Docket 11251, Page 1133 et seq.
8. 2004 Amended and Restated Declaration of Restrictions dated February 6, 2004, recorded in the Pima County Records Office at Docket 12297, Page 1053 et seq.
9. 2017 Amended and Restated Declaration of Restrictions dated February 3, 2017, recorded in the Pima County Records Office at Sequence 20170530132 dated February 22, 2017.