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**ARTICLES OF INCORPORATION  
OF  
THE HIGHLANDS COMMUNITY HOMEOWNERS ASSOCIATION, INC.**

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This instrument prepared by:  
Tom Ansley  
Sirote & Permutt, P.C.  
2311 Highland Avenue South  
Birmingham, Alabama 35205

**ARTICLES OF INCORPORATION**  
**OF**  
**THE HIGHLANDS COMMUNITY HOMEOWNERS ASSOCIATION, INC.**  
**an Alabama Nonprofit Corporation**

The undersigned incorporator hereby forms a corporation pursuant to the provisions of the Alabama Nonprofit Corporation Law (Ala. Code §10A-3A-1.01 (1975), *et seq.*) and declares:

1. **NAME.** The name of the corporation shall be The Highlands Community Homeowners Association, Inc. (the “Association”).

2. **DEFINITIONS.**

(a) “Act” shall mean the Alabama Nonprofit Corporation Law (Ala. Code §10A-3A-1.01 (1975), *et seq.*, as the same shall be amended from time to time.

(b) “Association” shall have the meaning set forth in Section 1 above.

(c) “Association Property” shall mean the Association Property, as defined in the Declaration.

(d) “Board” or “Board of Directors” shall mean the Board of Directors of the Association.

(e) “Declaration” shall mean that certain Declaration of Protective Covenants and Agreements for The Highlands, as recorded in the Office of the Judge of Probate of Shelby County, Alabama, as the same shall be amended from time to time.

(f) “Development Period” shall mean the period which begins immediately upon the recording of the Declaration and continues until the earlier to occur of the following dates: (i) thirty (30) days following the date that Founder no longer owns any of the Lots; or (ii) the date that Founder terminates its exclusive voting rights hereunder and under the Declaration during the Development Period by written, recorded notice.

(g) “Directors” shall mean the individual members of the Board of Directors.

(h) “Founder” shall mean Two Mountains, LLC, an Alabama limited liability company, its successor and assigns.

(i) “Lot” shall mean each residential lot within the Property.

(j) “Member” shall mean each Owner, as defined in the Declaration.

(k) “Property” shall mean the Property, as defined in the Declaration.

3. **NONSTOCK AND NONPROFIT STATUS.** The Association shall have no capital stock, is not organized for profit, and does not contemplate pecuniary gain or profit to the Members thereof. No part of the earnings of the Association shall inure to the benefit of any Member, individual, officer, or Director. The Association does not contemplate the distribution of gains, profits or dividends to the Members thereof and is organized solely for nonprofit purposes.

4. **INITIAL REGISTERED OFFICE AND AGENT.** The location and mailing address of the initial registered office of the Association, and the name of its initial registered agent at such address, are as follows:

William David Brogdon  
c/o The Brogdon Group, Inc.  
1500 Resource Drive  
Birmingham, AL 35242

5. **INCORPORATOR.** The name and address of the sole incorporator is as follows:


William David Brogdon  
c/o The Brogdon Group, Inc.  
1500 Resource Drive  
Birmingham, AL 35242

6. **DIRECTORS.**

(a) **Number of Directors.** The affairs of the Association shall be managed by a Board of Directors. Before the end of the Development Period, the number of Directors constituting the Board of Directors shall be not less than three (3); thereafter, the number of Directors constituting the Board of Directors shall be not less than three (3), as the same may be determined in accordance with the Bylaws of the Association (the "Bylaws") . The Founder shall have the right to appoint and remove all members of the Board of Directors during the Development Period in the manner described in Section 6(b) below. Directors appointed by the Founder need not be Members, Owners or residents of the State of Alabama; however, Directors elected by the Members must be Members (or spouses of Members) in good standing at the time of their election. The names and addresses of each person who is to serve as an initial Director of the Association until their successors are elected or until such Directors are removed as provided in Section 6(b) of these Articles of Incorporation are as follows:

William David Brogdon  
c/o The Brogdon Group, Inc.  
1500 Resource Drive  
Birmingham, AL 35242

Charles Lewis  
c/o The Brogdon Group, Inc.  
1500 Resource Drive  
Birmingham, AL 35242

  
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Roger Self  
c/o The Brogdon Group, Inc.  
1500 Resource Drive  
Birmingham, AL 35242

(b) Election and Removal of Directors. The members of the Board of Directors of the Association shall be elected and may be removed as follows:

(i) Until the end of the Development Period, the Founder shall have the sole and exclusive right to appoint and remove all members of the Board of Directors; and

(ii) From and after the end of the Development Period, the Members of the Association shall be entitled to elect or remove all of the members of the Board in accordance with the terms and provisions of the Bylaws.

(c) Powers. Except as may be otherwise provided to the contrary in the Declaration, these Articles of Incorporation or the Bylaws, all powers of the Association shall be exercised by or under authority of, and the business and affairs of the Association shall be managed under the direction of, the Board of Directors.

(d) Conflicts of Interest. No contract or other transaction between the Association and one or more of its Directors or any other corporation, firm, association or entity in which one or more of its Directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest. Any Director of the Association or any corporation, firm, association or entity of which any Director of the Association is a director or officer or is financially interested may be a party to, or have a pecuniary interest or otherwise be interested in, any contract or transaction of the Association; provided that such relationship or interest in such contract or transaction shall be disclosed or known to the Board of Directors at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction and, if such fact shall be disclosed or known, any Director so related or interested may be counted in determining a quorum at such meeting and may vote on such matter or action with the same force and effect as if he were not so related or interested. Any Director of the Association may vote on any contract or other transaction between the Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation.

7. PURPOSES AND POWERS. The Association does not contemplate pecuniary gain or profit for its members. Specifically, the purposes for which the Association is organized and the powers of the Association are as follows:

(a) To provide for the preservation of the property values, appearance and amenities of the Property.

(b) To own, operate, maintain, manage, repair and replace the Association Property.

(c) To perform and carry out the acts, duties, responsibilities and conditions delegated to the Association in the Declaration, these Articles of Incorporation, the Bylaws of



this Association and all amendments thereto, including, specifically, taking any action authorized or allowed to be taken by the Association in the Declaration, these Articles of Incorporation and the Bylaws.

(d) To own, lease, license, operate, purchase, acquire, hold, improve, develop, manage, sell, convey, transfer, exchange, release and dispose of, either alone or in conjunction with others, real and personal property, tangible and intangible, of every kind, character and description.

(e) To enforce all of the terms and provisions of the Declaration and to make, establish and enforce reasonable rules and regulations governing the administration, operation and management of the Property.

(f) To make, levy, collect and enforce Assessments, as defined in the Declaration, and to use and expend such Assessments in the manner set forth in the Declaration.

(g) To employ personnel and contract for services, material and labor, including contracting for the management and long-term upkeep of the Association Property.

(h) To purchase and maintain insurance for such coverages, with such insurance carriers, in such amounts, at such rates and with such deductibles as may be necessary for the protection of the Association, its officers, Directors and Members or as may be otherwise required in the Declaration.


(i) To enforce any of the provisions of the Declaration by legal and equitable actions as may from time to time be necessary.

(j) To enter into, make and perform contracts of every kind for any lawful purpose without limit as to amount, with any person, firm, association, partnership, limited partnership, corporation, municipality, county, state, territory, government, governmental subdivision, or body politic.

(k) To operate without profit for the sole and exclusive benefit of its Members; provided, however, that the Association may, at any time and from time to time, authorize and grant to persons who are not Members rights to use and enjoy the Association property on such terms and conditions as the Board of Directors of the Association may, in its sole and absolute discretion, determine.

(l) To carry on any other business in connection with the foregoing, to transact any or all lawful business for which corporations may be incorporated under the Act, as amended, and to have and exercise all powers necessary or convenient to effect the purposes of the Association in accordance with and subject to the terms and provisions of the Declaration, as it now exists or as it may hereafter be amended.

8. **DURATION.** The period of duration of the Association shall be perpetual.

  
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9. **MEMBERS AND VOTING RIGHTS.**

(a) Members. The Members of the Association shall consist of all Owners, as defined in the Declaration. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot. The Founder shall be entitled to all voting rights attributable to any Lots owned by the Founder. Notwithstanding anything provided herein or in the Bylaws of the Association to the contrary, until the end of the Development Period, the Founder shall have the exclusive right to appoint and remove the members of the Board of Directors of the Association.

(b) Voting Rights of Members. Subject to the rights reserved by the Founder pursuant to Section 9(a) above, the voting rights of the Members are set forth in the Bylaws. The voting rights of any Member who has violated the Declaration or who is in default in the payment of Assessments (as defined in the Declaration) may be limited and suspended in accordance with the provisions of the Declaration, the Bylaws or any rules and regulations adopted by the Board of Directors of the Association.

10. **DISTRIBUTION OF ASSETS UPON DISSOLUTION.**

(a) Distribution. Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

(i) Real property contributed to the Association without the receipt of other than nominal consideration by the Founder shall be returned to the Founder, unless it refuses to accept the conveyance (in whole or in part); and

(ii) Unless otherwise agreed to the contrary in the plan of distribution, all remaining assets shall be distributed among the Members of the Association, as tenants in common, with each Member's share of the assets to be determined in accordance with their respective voting rights, as set forth in the Bylaws.

(b) Method of Dissolution. Dissolution of the Association shall be accomplished as set forth in the Act.

11. **OFFICERS.**

(a) Description. The Association shall have a president, one or more vice president, secretary and treasurer and such other officers and assistant officers as may be deemed necessary or appropriate by the Board of Directors.

(b) Power to Execute Documents. The President and each Vice President of the Association shall each have authority to execute all instruments, documents and contracts on behalf of the Association as directed from time to time by the Board of Directors.

12. **INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS.** The Association shall indemnify and hold harmless any and all of its present or former Directors, officers, employees or agents, against expenses actually and reasonably



incurred by him or her in connection with the defense of any action, suit, or proceeding, civil or criminal, in which he or she is made a party by reason of being or having been such Director, officer, employee or agent, except in relation to matters as to which he or she shall be adjudged in the action, suit, or proceeding to be liable for negligence or misconduct in the performance of his or her duty , except in relation to matters as to which he or she shall be adjudged in the action, suit, or proceeding to be liable for negligence or misconduct in the performance of his or her duty. In addition, the Association shall indemnify and hold harmless any and all of its present or former Directors, officers, employees or agents, against such other matters as adopted by a vote of the Board of Directors or resolution adopted after notice by the Members entitled to vote.

13. **AMENDMENT.** At any time prior to the end of the Development Period, these Articles of Incorporation may be amended at any time and from time to time only by the Founder, without the consent and approval of any of the Members of the Association. From and after the end of the Development Period, these Articles of Incorporation may be amended at any time and from time to time by the affirmative vote of both (a) a majority of the members of the Board of Directors and (b) a two-thirds majority of the Members of the Association voting, either in person or by proxy at a duly convened meeting of the Members held pursuant to the terms and provisions of the Bylaws.

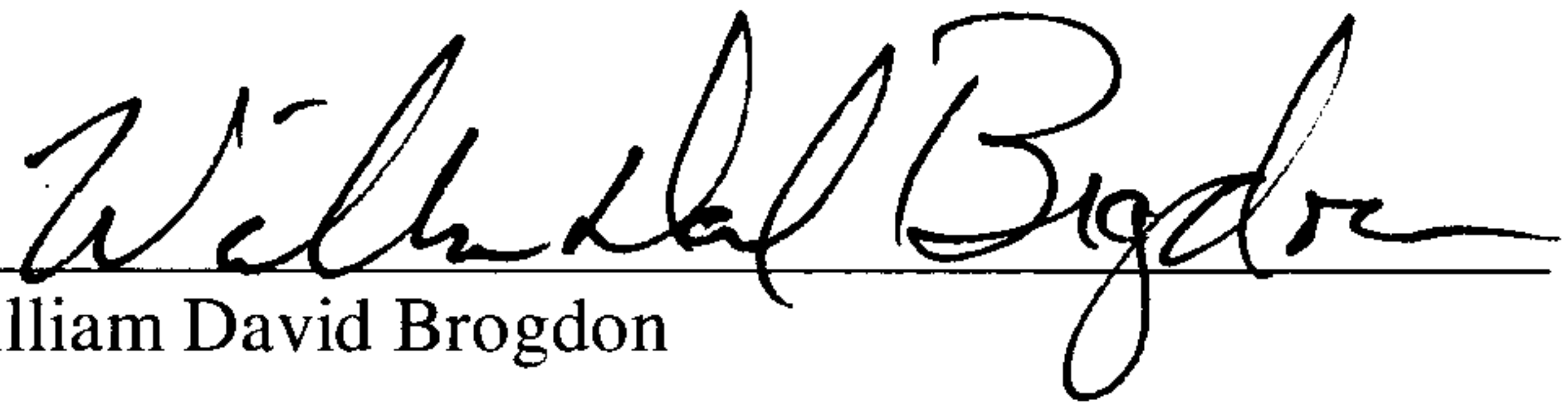
14. **INCORPORATION BY REFERENCE.** All of the terms, provisions, definitions, covenants and conditions set forth in the Declaration are hereby expressly incorporated herein by reference as if fully set forth herein. In the event of any conflict or ambiguity between the terms, provisions, definitions, covenants and conditions set forth in these Articles of Incorporation and the Declaration, then the provisions of the Declaration shall at all times control.

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IN WITNESS WHEREOF, the undersigned Incorporator has hereunto subscribed HIS name to these Articles of Incorporation as of the 2<sup>ND</sup> day of AUGUST, 2016.

  
William David Brogdon


STATE OF ALABAMA )

COUNTY OF SHELBY )

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that William David Brogdon, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 2<sup>ND</sup> day of AUGUST, 2016.

[NOTARIAL SEAL]

  
Notary Public  
My commission expires:

James M. Shannon Jr.  
Notary Public, Alabama State At Large  
My Commission Expires July 27, 2020



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John H. Merrill  
Secretary of State

P.O. Box 5616  
Montgomery, AL 36103-5616

# STATE OF ALABAMA

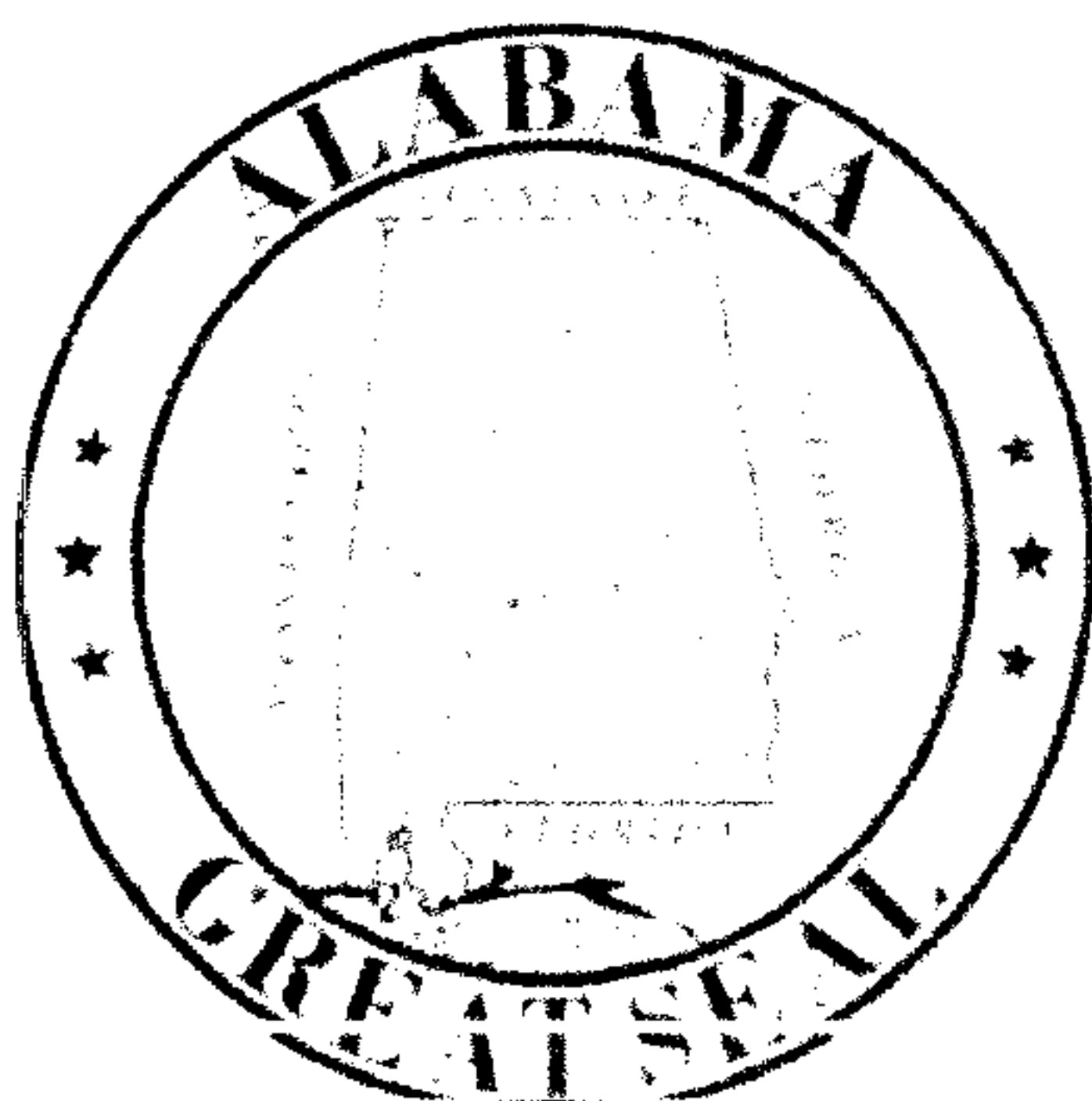
**I, John H. Merrill, Secretary of State of Alabama, having custody of the  
Great and Principal Seal of said State, do hereby certify that**

pursuant to the provisions of Title 10A, Chapter 1, Article 5, Code of Alabama  
1975, and upon an examination of the entity records on file in this office, the  
following entity name is reserved as available:

**The Highlands Community Homeowners Association, Inc.**

This name reservation is for the exclusive use of Carolyn P. Jett, 2311 Highland  
Avenue South Suite 500, Birmingham, AL 35205 for a period of one year  
beginning July 26, 2016 and expiring July 26, 2017

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**In Testimony Whereof, I have hereunto set my  
hand and affixed the Great Seal of the State, at the  
Capitol, in the city of Montgomery, on this day.**

July 26, 2016

Date

*J. H. Merrill*

John H. Merrill

Secretary of State