

STATE OF ARIZONA
ACC/FAX
DATE FILED

SEP 06 1996

ARTICLES OF INCORPORATION
OF
GREENFIELD LAKES OWNERS ASSOCIATION

DATE APPR 9-6-96
TERM
BY Charles Leon

0786719-6

The undersigned, as the sole incorporator, has this date voluntarily associated himself for the purpose of forming a private nonprofit membership corporation under and by virtue of the laws of the State of Arizona, and hereby adopts the following Articles of Incorporation:

ARTICLE I

Name

The name of the corporation is:

Greenfield Lakes Owners Association.

OKMF

ARTICLE II

Definitions

The words and terms used herein shall be deemed to have the same definitions and meanings as in the (i) Declaration of Covenants, Conditions and Restrictions for Greenfield Lakes, as amended from time to time (the "Declaration"), as initially recorded on April 10, 1996, as Instrument No. 96-0244251, in the official records of Maricopa County, Arizona and (ii) Declaration of Covenants, Conditions and Restrictions for Greenfield Lakes Golf Course, as amended from time to time (the "Golf Declaration") as initially recorded on April 10, 1996, as Instrument No. 96-0244252, in the official records of Maricopa County, Arizona.

ARTICLE III

Purposes

The corporation is not organized for the purpose of gaining pecuniary profit. No part of the income or profit or net earnings of the corporation, if any, shall inure to the benefit of any Member, director or officer nor to any other Person other than by acquiring, constructing, or providing management, maintenance and care of Areas of Association Responsibility and other than by a rebate of excess membership dues, fees or assessments. The corporation is formed and its initial business will be to act for and on behalf of all of the Owners for the ownership of Common Areas and the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Lots, Common Areas and Areas of Association Responsibility, for the collection of assessments, for the assessment of expenses, for the payment of losses, for the disposition of casualty insurance proceeds, to enforce the terms and provisions of the Declaration and for other matters as provided in the Declaration, these Articles of Incorporation, and the Bylaws of the corporation. Without limiting the generality of the foregoing, to the extent authorized by its Board of Directors and in accordance with the provisions of the Declaration, the corporation shall be empowered:

(a) To accept such properties, improvements, rights, and interests as may be conveyed, leased, assigned, or transferred to the corporation; to assume such obligations and duties as may

be contained in any lease assigned or transferred to the corporation; to maintain, operate, and otherwise manage all buildings, structures, improvements, landscaping, parking areas, walks, common elements, common areas, recreational areas and facilities now or thereafter constructed, on the Common Areas; to pay all taxes and assessments, if any, which may properly be levied against properties of the corporation; to repair, rehabilitate and restore all buildings, structures and improvements on the Common Areas; to insure the Common Areas and the Property and all buildings and structures thereon as required by the Declaration and against such other risks as the Board of Directors shall determine; to make assignments and assessments for maintenance and operating charges as the Board of Directors shall determine in accordance with the Declaration and the Bylaws of the corporation and to enforce the collection of such assessments; to impose liens against individual Lots to secure the payment of obligations due from the Owners thereof, and to collect, sue, foreclose or otherwise enforce, compromise, release, satisfy and discharge such demands and liens in accordance with the Declaration; to enforce any and all covenants, restrictions and agreements applicable to the Property; to pay all maintenance, operating and other costs and to do all things and acts which in the sole discretion of the Board of Directors shall be deemed to be in the best interests of the Members or for the peace, comfort, safety or general welfare of the Members, all in accordance with the Declaration; to make and amend rules and regulations respecting the use of the Common Areas and the Property; and to do all things necessary or appropriate to carry out and to enforce the terms and provisions of the Declaration.

(b) To purchase or otherwise acquire title to Lots or to hold and exercise options to purchase the same, and to lease Lots in the corporation's name as lessee and to sell and lease or to grant options to lease and purchase Lots; and, if the corporation becomes the owner or lessee of a Lot, to perform all of the obligations of an owner or lessee thereof and to assume and agree to pay any mortgage constituting a lien upon the Lot.

(c) To develop, construct, purchase, lease, own, improve, maintain, operate and hold real and personal property of every kind and description; to sell, convey, and lease such property; and to mortgage, assign and pledge or otherwise encumber such property.

(d) To borrow money, and to issue notes, bonds, and other evidences of indebtedness in furtherance of any or all of the objects and purposes of the corporation, and to secure the same by mortgage, trust deed, pledge or other lien on or security interest in property of the corporation.

(e) To enter into, perform, and carry out leases and contracts of any kind necessary to or in connection with or incidental to the accomplishment of any one or more of the objects and purposes of the corporation.

(f) To lend or invest its working capital and reserves.

(g) To act as surety or guarantor, agent, trustee, broker or in any other capacity when appropriate to the fulfillment and the furtherance of its objects and purposes.

(h) To procure all types and kinds of insurance as shall be deemed to be in the best interests of the corporation.

(i) To participate in mergers or consolidations with any other non-profit corporations, associations or other entities (including, but not limited to, the North Property Association), in accordance with the terms of the Declaration, regardless of whether the objects, purposes, rights and powers of such non-profit corporations, associations or other entities are the same as those of the corporation.

(j) In general, to do and perform such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary and required.

ARTICLE IV Character of Affairs

The character of affairs which the corporation initially intends actually to conduct in Arizona is the fulfillment of all its duties and responsibilities and the exercise of all its rights, powers and prerogatives under the Declaration.

ARTICLE V Membership; Classes of Members; Voting Rights

(a) The Members shall be the Owners of Lots, as provided in the Declaration and as shall be set forth in the Bylaws. Other than its Members, the corporation shall have no shareholders, and no capital stock shall be authorized or issued.

(b) The corporation shall have two classes of voting membership:

Class A. Class A Members shall be all Owners but, so long as any Class B Memberships are outstanding, shall not include Declarant. Class A Members shall be entitled to one vote for each Lot owned and one vote for each Unit of Density within each Parcel owned.

Class B. The Class B Member shall be Declarant or, upon transfer of a Parcel from Declarant to a Designated Builder. The Class B Member shall be entitled to three votes for each Lot owned by the Class B Member and three votes for each Unit of Density within each Parcel owned by the Class B Member. The Class B Membership shall cease and be converted to Class A Membership, without further act or deed, upon the happening of any of the following events, whichever occurs first:

(i) 120 days following the first date when the total votes entitled to be cast by the Class A Members equal or exceed the total votes entitled to be cast by the Class B Members, or

(ii) ten years following conveyance of the first Lot to a Public Purchaser, or

(iii) the date upon which Declarant voluntarily delivers written notice to the Association electing to convert the Class B Membership to Class A

Membership (but Declarant shall not be required to make such an election).

Notwithstanding the foregoing, the Class B voting rights relating to any particular Lot or Parcel shall be converted to Class A voting rights upon the sale or other disposition of the Lot or Parcel by Declarant, other than in connection with a Recorded assignment by Declarant of all or substantially all of its rights under this Declaration. If any lender to whom Declarant has by Recorded instrument assigned, or hereafter assigns, all or substantially all of its rights under this Declaration as security succeeds to the interests of Declarant by virtue of the assignment, the Class B Memberships shall not be terminated, and the lender shall hold the Class B Memberships on the same terms as they were held by Declarant.

(c) Votes for each Lot or Parcel must be cast as a unit, and fractional votes shall not be allowed. In the event that a Lot or Parcel is owned by more than one Person, whether by joint tenancy, tenancy in common, community property or otherwise, each such Person shall be considered a Member but the Membership as to such Lot or Parcel shall be joint, and such Persons shall jointly designate to the corporation in writing one of their number who shall have the power to vote said Membership, and, in the absence of such designation and until such designation is made, the Board of Directors shall either: (i) make such designation, in which event such designation shall be binding for all purposes; or (ii) declare that until all Persons who together hold such Membership jointly make such written designation, the vote(s) attributable to such Membership shall not be cast or counted on any questions before the Members; provided, however, that if any one of such Persons casts a vote or votes representing a certain Lot or Parcel without objection from any other Person sharing ownership of such Lot or Parcel, that Person will thereafter be conclusively presumed to be acting with the authority and consent of all other Persons sharing ownership of such Lot or Parcel unless and until objection thereto is made to the Board of Directors, in writing.

ARTICLE VI Statutory Agent

FC Service Corporation, an Arizona professional corporation, whose address is Two N. Central Ave., #2200, Phoenix, AZ 85004-2390, Attention: Christopher W. Zaharis, is hereby appointed the initial statutory agent of the corporation for the State of Arizona.

ARTICLE VII Board of Directors and Officers

The business, property and affairs of the corporation shall be managed, controlled and conducted by a Board of Directors. The number of directors, who shall serve without compensation, shall not be less than 3 nor more than 7, as shall be specified in the Bylaws. The initial Board of Directors shall consist of 3 directors. Except for the initial Board of Directors and any director elected or appointed by Declarant, each director shall be an Owner or the spouse of an Owner (or if an Owner is a corporation, partnership, limited liability company or trust, a director may be an officer, partner, member or beneficiary of such Owner). If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director and his place on the Board shall be deemed vacant. The names and addresses of the

persons who are to serve as the initial directors until their successors are elected and qualified at the first election of directors or until their resignation or removal from office, as the case may be, are:

<u>Name</u>	<u>Address</u>
1. Larry L. Miller	5502 East Palo Verde Road Paradise Valley, Arizona 85253
2. Robert J. Watt	7975 North Hayden Road, Suite B200 Scottsdale, Arizona 85258
3. Harry C. Elliott, III	6781 W. Megan Street Chandler, Arizona 85226

Vacancies on the Board of Directors caused by any reason shall be filled by a vote of the majority of the remaining directors even though less than a quorum, or by the remaining director if there be only one, and each person so elected shall be a director until his/her successor is duly elected by the Members and shall qualify.

The directors shall be elected so that they hold office for staggered terms. At the time of the first annual meeting of the Board of Directors, the incumbent directors shall divide the directors into 3 groups, with the number of directors in each group being equal, to the extent possible. The first term of the directors included in the first group shall be 1 year, the first term of the directors in the second group shall be 2 years, and the first term of the directors included in the third group shall be 3 years. Thereafter, the terms of all directors shall be 3 years. A director shall serve until the next annual meeting of the corporation at which vacancies in his group of directors is filled, or until he resigns or is removed and his successor is elected and qualified.

The Declarant shall have the power and right to appoint and remove the members of the Board of Directors until its Class B Membership terminates as provided for in the Declaration. After the Declarant's Class B Membership terminates, (a) any director may be removed from office, with or without cause, by a majority vote of the Owners at any annual meeting or at any special meeting called for that purpose, and (b) any director may be removed from office, with cause, by a majority vote of the Board of Directors at any regular or special meeting of the Board of Directors called for that purpose. It shall be cause for removal if a director is absent from more than 3 consecutive meetings of the Board of Directors and such absences were not excused by the President of the corporation prior to the meetings in question.

The Board of Directors shall have the power to adopt Bylaws of the corporation, which may be changed or amended as provided in such Bylaws. The Bylaws shall prescribe, among other things, the date of the annual meeting of the Members.

The principal officers of the corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. Officers of the corporation must be persons who are directors of the corporation.

ARTICLE VIII Incorporator

The name and address of the incorporator are:

Name

Address

Larry L. Miller

5502 East Palo Verde Road
Paradise Valley, Arizona 85253

ARTICLE IX Private Property

The Members, directors and officers of the corporation shall not be individually or personally liable for the debts or other liabilities of the corporation, and the private property of the Members, directors and officers of the corporation shall be forever exempt from corporate debts or liabilities of any kind whatsoever.

ARTICLE X Interdealing

No transaction, contract or act of the corporation shall be either void or voidable or in any other way affected or invalidated by reason of the fact that any officer, director or Member of the corporation, or any other corporation or other entity of which he may be an officer, director, member or shareholder, is in any way interested in such transaction, contract or act, provided the interest of such officer, director or Member is disclosed to or known by the members of the Board of Directors of the corporation or such directors as shall be present at any meeting at which action is taken upon any such transaction, contract or act. Nor shall any such officer, director or Member be accountable or otherwise responsible to the corporation for, or in connection with, any such action, contract or transaction or for any gains or profits realized by him by reason of the fact that he, or any other corporation or other entity of which he is an officer, director, member or shareholder, is interested in any such transaction, contract or act. Any such officer, director or Member, if he is a director, after making full disclosure of his interest, may be counted in determining the existence of a quorum at any meeting of the Board of Directors of the corporation which shall authorize or take action upon any such transaction, contract or act, and he may vote at any such meeting to authorize, adopt, ratify or approve any such transaction, contract or act to the same extent as if he, or any other corporation or other entity of which he is an officer, director, member or shareholder, were not interested in such transaction, contract or act.

ARTICLE XI Indemnification

The corporation shall indemnify any and all of its directors and officers, and former directors and officers, against expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such Person in a legal action brought against any such Person for acts or omissions alleged to have been committed by any such Person while acting

within the scope of his or its authority as a director or officer of the corporation, or exercising the powers of the Board of Directors, provided that the Board of Directors shall determine in good faith that such Person did not act, fail to act, or refuse to act with gross negligence or with wrongful, fraudulent or criminal intent in regard to the matter involved in the action. Notwithstanding anything to the contrary expressed herein, the Board of Directors shall have the right to refuse indemnification as to expenses in any instance in which the Person to whom indemnification would otherwise have been applicable shall have incurred expenses without approval by the Board of Directors which are excessive and unreasonable in the circumstances and are so determined by the Board of Directors, and as to expenses, judgments, or penalties in any instance in which such Person shall have refused unreasonably to permit the corporation, at its own expense and through counsel of its own choosing, to defend him or it in the action or to compromise and settle the action. The corporation shall also indemnify the employees, committee members and direct agents of the corporation as provided in the Declaration in the same manner and with the same limitations as provided above with respect to directors and officers. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such directors, officers, committee members, employees or agents may be entitled.

ARTICLE XII

Limitation of Director Liability

No director of the corporation shall be personally liable to the corporation or its members for monetary damages for breach of fiduciary duty as a director; provided, however, that this Article shall not eliminate or limit the liability of a director to the extent the elimination or limitation thereof is prohibited by Title 10, Arizona Revised Statutes, as amended from time to time.

ARTICLE XIII

Amendments

These Articles of Incorporation may be amended with or without a meeting of the Members by the affirmative vote of two-thirds of the Members (based upon one vote for each Lot or Unit of Density owned) after the Board of Directors has first adopted a resolution setting forth the proposed amendment and directing that it be submitted to a vote by the Members; provided, however, that as to the amendment of any provision of these Articles which specifies voting and quorum requirements for any action under such provision, the voting and quorum requirements of that provision shall apply also to any amendment of such provision. These Articles of Incorporation shall not be amended to contain any provisions which would be contrary to or inconsistent with the Declaration or the regulations of any interested Institutional Guarantor (subject to the provisions of paragraph 22 of the Declaration), and any provisions of or purported amendment to these Articles of Incorporation which is contrary to or inconsistent with the Declaration or the regulations of any such interested Institutional Guarantor shall be void to the extent of such inconsistency.

ARTICLE XIV
Place of Business

The initial known place of business of the corporation is:

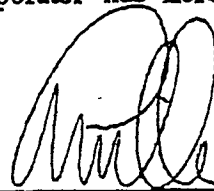
5502 East Palo Verde Road
Paradise Valley, Arizona 85253

ARTICLE XV
VA/FHA Approval

Subject to the provisions of paragraph 22 of the Declaration, for so long as there is a Class B Membership outstanding, the following actions will require the prior approval of the Federal Housing Administration or Veterans Administration if either is then an interested Institutional Guarantor:

- (a) Annexation of additional properties to the Project;
- (b) Mortgaging or otherwise encumbering the Common Areas;
- (c) Dedication of the Common Areas;
- (d) Amendment of these Articles of Incorporation; or
- (e) Dissolution or liquidation of the corporation.

IN WITNESS WHEREOF, the undersigned incorporator has hereunto affixed his signature as of this 10th day of April, 1996.



Larry L. Miller, Incorporator