

**AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
FOREST LAKES OWNERS ASSOCIATION**

Pursuant to Sections 10-1002, 10-1006 and 10-1007 of the Arizona Revised Statutes, the undersigned Corporation hereby adopts the following Articles of Incorporation amending and restating in their entirety the Articles of Incorporation filed with the Arizona Corporation Commission on April 5, 1967, as amended to date. The Amended and Restated Articles of Incorporation hereinafter appearing correctly set forth without change the provisions of the Articles of Incorporation as heretofore amended and amended hereby, and supersede the original Articles of Incorporation and all amendments thereto.

ARTICLE I

The name of this corporation is and shall be **FOREST LAKES OWNERS ASSOCIATION.**

ARTICLE II

The known place of business of the Forest Lakes Owners Association, hereinafter called the Corporation, shall initially be in Forest Lakes, P. O. Box 1513, Forest Lakes, AZ 85931, in Coconino County, Arizona, but it may establish other principal places of business and other offices at such other places, either within or without the State of Arizona, as the Board of Directors may from time to time determine.

ARTICLE III

This Corporation is organized under Internal Revenue Code §501(c)(4) and shall be operated as a nonprofit corporation solely and exclusively for charitable, educational, scientific, and community welfare purposes, and specifically for managing the property of the Owners Association and protecting the rights of the owners of the property in the area known as Forest Lakes Estates, including any further additions thereto. Without limiting the generality of the foregoing or the character of the affairs to be conducted by the Corporation in the future, the Corporation shall conduct the following business:

Providing for the maintenance, preservation and control of the Association property and/or common areas within that certain tract of property described as FOREST LAKES ESTATES, including any further additions thereto, and to do all things the same as any reasonable and competent person would do. The Corporation is established to inform and represent the membership in regards to community and county decisions that affect Forest Lakes Estates; to lend support to other Forest Lakes organizations, such as school board, fire department, water district, library, etc.; to coordinate and sponsor special events that involve community participation; and to interface with other organizations affecting Forest Lakes Estates, in order to develop and implement short and long range plans that protect and enhance area value.

Consistent with the foregoing purposes and subject to all other limitations, restrictions, and prohibitions set forth in these Articles, the Corporation shall have all the powers specified in Section 10-2305(A) of the Arizona Revised Statutes, as amended from time to time, and to do all and everything necessary, suitable and proper for the accomplishment of the purposes or attainment of the objectives herein above set forth either alone or in association with other individuals, corporations or partnerships, including federal, state, county and municipal bodies and authorities; and, in general, to do and perform such acts and transact such business in connection with the foregoing objectives not inconsistent with law; provided, however, that the Corporation shall not perform any act or transact any business that will jeopardize the tax exempt status of the Corporation under Section 501(c), if applicable, of the Internal Revenue Code and its Regulations as such Section and Regulations now exist or may hereafter be amended or under corresponding laws and Regulations hereafter adopted.

ARTICLE IV

No substantial part of the activities of the Corporation shall be carrying on propaganda or otherwise attempting to influence legislation; nor shall the Corporation participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE V

The Corporation shall be operated in a manner that prevents it from being a private foundation within the meaning of Section 509 of the Internal Revenue Code and its Regulations as such Section and Regulations now exist or may hereafter be amended or under corresponding laws and Regulations hereafter adopted; provided, however, that in the event the objectives, purposes and business of the Corporation cannot be accomplished unless the Corporation is operated as a private foundation, it shall not be operated in violation of the following limitations, restrictions and prohibitions:

- a. The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986 and its Regulations as such Section and Regulations now exist or may hereafter be amended, or under corresponding laws and Regulations hereafter adopted;
- b. The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986 and its Regulations as such Section and Regulations now exist or may hereafter be amended, or under corresponding laws and Regulations hereafter adopted;
- c. The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1986 and its Regulations as such Section and Regulations now exist or may hereafter be amended, or under corresponding laws and Regulations hereafter adopted;
- d. The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1986 and its Regulations as such Section and Regulations now exist or may hereafter be amended, or under corresponding laws and Regulations hereafter adopted;
- e. The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1986 and its Regulations as such Section and Regulations now exist or may hereafter be amended, or under corresponding laws and Regulations hereafter adopted.

Notwithstanding any of the above statements of purposes and powers, the Corporation shall not engage in activities which in themselves are not in the furtherance of the purposes stated in the first paragraph of this Article.

ARTICLE VI

The corporate existence of Forest Lakes Owners Association shall be perpetual as long as all State requirements regarding corporate reporting are followed, unless dissolved as detailed in the Bylaws.

ARTICLE VII

The Corporation shall be a nonprofit corporation and shall have no stock, and no dividends or pecuniary profits shall be declared or paid to the directors hereof or to any other private individual. All the earnings and property of the Corporation shall be used to further the purposes and objectives of the Corporation as set forth in Article III. Nothing contained herein, however, shall prohibit payments by the Corporation to directors or members as reasonable compensation for services rendered to the Corporation.

ARTICLE VIII

The directors, officers and members of the Corporation shall not be individually liable for the Corporation's debts or other liabilities. The private property of such individuals shall be exempt from any corporate debts or liabilities. To the fullest extent permitted by Arizona law and in accordance with and within the limits of Section 10-2342 of the Arizona Revised Statutes, no director or person who serves on a board or council of the Corporation in a voluntary capacity shall be liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a director or as a member of a board or council in an advisory capacity. To the fullest extent permitted by Arizona law and in accordance with Section 10-2317(D) of the Arizona Revised Statutes, any director or person who serves on a board or council of the Corporation in an advisory capacity shall be immune from civil liability and shall not be subject to suit directly or by way of contribution for any action or omission resulting in damage or injury if the person was acting in good faith and in furtherance of the purpose or purposes for which the Corporation is organized, unless the damage or injury was caused by willful and wanton or grossly negligent conduct of the person. If the Arizona Revised Statutes are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Arizona Revised Statutes, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE IX

The control and management of the affairs of the Corporation shall be vested in a Board of Directors of not less than nine (9) nor more than fifteen (15) persons. The names of those selected to serve as directors, beginning with the restatement of incorporation of this Corporation and until the next annual meeting of the Corporation or until their successors shall be elected and qualify, are:

1. Frank S. Astemborski, President, 2805 N. 33rd St., Phoenix, AZ 85008
2. Jack Greenleaf, Vice President, 8521 E. Vernon, Scottsdale, AZ 85257
3. Dianne Post, Secretary, P. O. Box 1571, Forest Lakes, AZ 85931
4. Carole Short, Treasurer, P. O. Box 1717, Forest Lakes, AZ 85931
5. Bob Mitchell, Member, P. O. Box 1618, Forest Lakes, AZ 85931
6. Virgilee Scholl, Member, P. O. Box 1888, Forest Lakes, AZ 85931
7. Connie Widener, Member, P. O. Box 1501, Forest Lakes, AZ 85931
8. Al Mager, Member, 11226 N. 49th Lane, Glendale, AZ 85304
9. John Hennessey, Member, 2217 E. Inglewood St., Mesa, AZ 86213

Subject Directors were either elected or appointed to fill unexpired term vacancies on September 28, 2002.

The Bylaws of the Corporation shall prescribe the terms of the office and manner of election of directors.

ARTICLE X

The qualifications of the members, their manner of selection, any classes of membership, and the rights, duties and voting privileges of members shall be established in the Bylaws of the Corporation.

ARTICLE XI

No person shall possess any property right in or to the property or assets of the Corporation. Upon dissolution of the Corporation as provided in the Bylaws, all assets remaining after payment of any outstanding liabilities shall be distributed exclusively to charitable, religious, educational or scientific organizations which would then qualify under the provisions of Section 501(c)(3) of the Internal

Revenue Code and its Regulations as such Section and Regulations now exist or may hereafter be amended, or under corresponding laws and Regulations hereafter adopted and which organizations have purposes and objects similar to those of the Corporation, all determined in accordance with the Bylaws.

ARTICLE XII

These Articles of Incorporation may be amended by the affirmative vote of a majority of the Board of Directors and ratified by a two-thirds (2/3) majority vote of FLOA membership present at a lawfully held meeting as defined in Article XIII of the Bylaws.

ARTICLE XIII

The highest amount of indebtedness or liability, direct or contingent, to which this Corporation may be subject at any one time shall not exceed the net worth of the Corporation, or such additional amount or amounts as may be authorized by three-fourths (3/4) of the full vote of the Board at a lawfully held meeting of the Board of Directors of the Corporation and ratified by a two-thirds (2/3) majority vote of FLOA membership at same meeting, provided that in no event shall that amount exceed any limit provided by law.

ARTICLE XIV

The Corporation shall indemnify each of its past, present and future members, directors, officers, employees and agents, which includes uncompensated or volunteer members of advisory boards and councils of the Corporation, against all expenses they incur, including but not limited to legal fees, costs, judgments and penalties which may be incurred, rendered or levied in any legal action brought against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of their authority as members, directors, officers, employees, members of advisory boards or councils, or agents of the Corporation. Whenever any person reports to the President of the Corporation that a legal action has been brought or is about to be brought against the person, for or on account of any action or omission alleged to have been committed by the person while acting within the scope of the person's function as a member, director, officer, employee, advisory board or council member, or agent of the Corporation, members of the board of directors, who are not parties to the action, suit or proceeding, at the next regular or at a special meeting held within a reasonable time thereafter, shall determine, in good faith, whether, in regard to the matter involved in the action or contemplated action, the person acted, or failed to act, in good faith and in the manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. If the Board of Directors determines that the person did not act with regard to the matter involved in the action or contemplated action, indemnification shall be mandatory and shall be automatically extended as specified herein; provided that the Corporation shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall unreasonably refuse to permit the Corporation, at its own expense and through counsel of its own choosing, to defend the person in the action. The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or its equivalent shall not by itself create the presumption that the person acted or failed to act other than in good faith and in the manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful. The Corporation shall provide for indemnification in accordance with this Article and Section 10-2305 of the Arizona Revised Statutes and to the fullest extent permitted by Arizona law.

ARTICLE XV

This Corporation hereby appoints JAMES L. LEATHER, 13601 N. 19th Avenue, Suite 5, Phoenix, Arizona 85029, as its statutory agent. All notices and processes, including service of summons, may be

served upon said statutory agent and, when so served, shall be lawful, personal service upon this Corporation. The Board of Directors may, at any time, appoint another agent for such purpose, and filing of such other appointment shall revoke this or any other previous appointment of such agent. IN WITNESS WHEREOF, we, the undersigned directors, have hereunto signed our names this _____ day of _____, 2002.

STATE OF ARIZONA)
) ss.County of Coconino)

On this, the ___ day of _____, 2002, the undersigned officer, Frank S. Astemborski, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained. IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires
STATE OF ARIZONA))
) ss.County of Coconino)

On this, the ___ day of _____, 2002, the undersigned officer, Jack Greenleaf, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained. IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:
STATE OF ARIZONA)
) ss.County of Coconino)

On this, the ___ day of _____, 2002, the undersigned officer, Dianne Post, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained. IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:
STATE OF ARIZONA)
) ss.County of Coconino)

On this, the ___ day of _____, 2002, the undersigned officer, Carole Short, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained. IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:
STATE OF ARIZONA)
) ss.County of Coconino)

On this, the ___ day of _____, 2002, the undersigned director, Bob Mitchell, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained. IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:

STATE OF ARIZONA)
) ss.County of Coconino)

On this, the ____ day of _____, 2002, the undersigned director, Virgilee Scholl, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained.
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:

STATE OF ARIZONA)
) ss.County of Coconino)

On this, the ____ day of _____, 2002, the undersigned director, Connie Widener, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained.
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:

STATE OF ARIZONA)
) ss.County of Coconino)

On this, the ____ day of _____, 2002, the undersigned director, Al Mager, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained.
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:

STATE OF ARIZONA)
) ss.County of Coconino)

On this, the ____ day of _____, 2002, the undersigned director, John Hennessey, known to me to be the person whose name is subscribed to the foregoing instrument, personally appeared before me and acknowledged that he executed the same for the purposes therein contained.
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:

STATE OF ARIZONA)
) ss.County of Coconino)