

STATE OF ARIZONA
ACC/FAX
DATE FILED

SEP 17 2004

DATE APPR 9-17-04
TERM
BY [Signature]
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ARTICLES OF INCORPORATION
OF
LYON'S GATE COMMUNITY ASSOCIATION

In compliance with the requirements of §10-3201, et seq., Arizona Revised Statutes, as amended, the undersigned, who is a person capable of contracting, states as follows:

ARTICLE 1

NAME

The name of the corporation is Lyon's Gate Community Association (the "Association").

ARTICLE 2

DEFINED TERMS

Wherever used in these Articles, the term "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for Lyon's Gate Community Association that will be recorded in the Official Records of Maricopa County Recorder, Maricopa County, Arizona, and the term "Project" shall mean the residential subdivisions to be developed by William Lyon Homes at the Lyon's Gate Community.

ARTICLE 3

KNOWN PLACE OF BUSINESS

The known place of business of the Association shall be located at 8800 East Chaparral Road, Suite 260, Scottsdale, Arizona 85250.

ARTICLE 4

STATUTORY AGENT

Lars O. Lagerman, whose address is Two North Central Avenue, Suite 2200, Phoenix, Arizona, 85004-4406, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated as the initial statutory agent for the corporation.

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ARTICLE 5

PURPOSE OF THE ASSOCIATION

The object and purpose for which this Association is organized is to own the common areas and the irrigation effluent re-use system of the Project and to provide for the management, maintenance, and care of areas of Association responsibility and other property owned by the Association or property placed under its jurisdiction and to perform all duties and exercise all rights imposed on or granted to the Association by the Declaration or other Project documents. In furtherance thereof, and in order to accomplish the foregoing object and purpose, the Association may transact any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE 6

CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to own the common areas and the irrigation effluent re-use system of the Project and to provide for the management, maintenance and care of areas of Association responsibility and to exercise and perform such other powers and duties as are imposed on or granted to the Association by the Declaration or other Project documents.

ARTICLE 7

MEMBERSHIP AND VOTING RIGHTS

The members of the Association shall be the owners of lots (including single-family homes, townhomes and/or condominiums) within the Project. By acquiring fee title to or otherwise becoming the owner of a lot (including single-family homes, townhomes and/or condominiums), a person consents to becoming a member of the Association. An owner of a lot (including single-family homes, townhomes and/or condominiums) shall remain a member of the Association until such time as such owner's ownership ceases for any reason, at which time such owner's membership in the Association shall automatically cease. The Declaration will provide that there initially will be two classes of membership in the Association. Each owner shall have such rights, privileges and votes in the Association as set forth in the Declaration or other Project documents.

ARTICLE 8

BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors shall be three (3). The names and addresses of the initial directors of the Association who shall serve until their successors are elected and qualify are as follows:

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<u>Name</u>	<u>Mailing Address</u>
Bryan Cazier	8800 East Chaparral Road Suite 260 Scottsdale, Arizona 85250
Karen Beacom	8800 East Chaparral Road Suite 260 Scottsdale, Arizona 85250
Jeanette Lakavage	8800 East Chaparral Road Suite 260 Scottsdale, Arizona 85250

The Board shall adopt the initial Bylaws of the Association. Until such time as the Declaration is recorded, the power to alter, amend or repeal the Bylaws will be reserved solely to the Board. After the Declaration has been recorded, such power shall exist with the members of the Association, except that the declarant named in the Declaration, so long as such declarant owns any lot, and thereafter, the Board, without a vote of the members, will have the right to amend the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the plat for the Project, or the Declaration or other Project documents is required by law or requested by such declarant or the Association.

ARTICLE 9

OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until their successors have been elected and qualify:

Bryan Cazier	President
Karen Beacom	Vice President
Jeanette Lakavage	Secretary/Treasurer

ARTICLE 10

LIMITATION ON LIABILITY OF DIRECTORS

The personal liability of a director of the Association to the Association or its members for monetary damages for breach of his fiduciary duties as a director is hereby eliminated to the extent permitted by the Arizona Nonprofit Corporation Act, as it may be amended from time to time. Any repeal or modification of this Article 10 shall be prospective only and shall not adversely affect the personal liability of a director or prior director for any act or omission occurring prior to the effective date of such repeal or modification.

ARTICLE 11

INDEMNIFICATION

The Association shall indemnify any person made a party to any civil suit or criminal, administrative or investigative action, other than an action by or in the right of the Association, by reason of the fact that he is or was a member, director, officer, employee or agent of the Association against expenses, including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted, or failed to act, in good faith and he reasonably believed (i) in the case of conduct in an official capacity with the Association, that the conduct was in its best interests, (ii) in all other cases, that the conduct was at least not opposed to its best interests and (iii) in the case of any criminal action or proceeding, that he had no reasonable cause to believe the conduct was unlawful. Any indemnification of the members, directors, officers, employees or agents of the Association shall be governed by and made in accordance with the provisions of the Arizona Revised Statutes pertaining to nonprofit corporations. Any repeal or modification of this Article 11 shall be prospective only and shall not adversely affect, defeat or limit the right of any person to indemnification for any act, or failure to act, occurring prior to the effective date of such repeal or modification.

ARTICLE 12

AMENDMENTS

Until such time as the Declaration is recorded, these Articles may be amended by the Board. After the Declaration has been recorded, these Articles may be amended by members of the Association who own not less than two-thirds (2/3) of the lots (including single-family homes, townhomes and/or condominiums); provided, however, that so long as the declarant named in the Declaration owns any lot, such declarant, and thereafter, the Board, without a vote of members, shall have the right to amend these Articles in order to conform these Articles to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the plat for the Project, or the Declaration or other Project documents is required by law or requested by such declarant or the Association. After the Declaration has been recorded, and for so long as such declarant owns any lot, any amendment to these Articles must be approved in writing by such declarant.

ARTICLE 13

DISSOLUTION

Until such time as the Declaration is recorded, the Association may be dissolved by the affirmative vote or written consent of the Board. After the Declaration has been recorded, the Association may be dissolved by the affirmative vote or written consent, or any combination thereof, of the members of the Association representing not less than ninety percent (90%) of the authorized votes in each class of membership and by the holders of First Mortgages, the owners of which have seventy-five percent (75%) or more of the votes in the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed or assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purpose. After the Declaration has been recorded, and for so long as the declarant named in the Declaration owns any property within the Project, any dissolution of the Association must be approved in writing by such declarant.

ARTICLE 14

DURATION

The corporation shall exist perpetually unless earlier dissolved in accordance with Article 13 herein.

ARTICLE 15

ASSESSMENTS AND FEES

Each member of the Association shall be obligated to pay assessments and other fees and charges to the Association in accordance with the Declaration or other Project documents.

ARTICLE 16

VA/FHA APPROVAL

After the Declaration has been recorded, and for so long as there is a Class B membership in the Association, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: (A) annexation of additional properties; (B) mergers and consolidations, (C) mortgaging of Common Area; and (D) dissolution and amendment of these Articles of Incorporation.

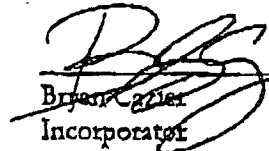
ARTICLE 17

INCORPORATOR

The name and address of the incorporator of the Association is:

Name	Address
Bryan Cazier	8800 East Chaparral Road Suite 260 Scottsdale, Arizona 85250

Dated this 17 day of September, 2004.




 Bryan Cazier
 Incorporator

ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT

The undersigned, having been designated to act as statutory agent for this corporation, hereby accepts such appointment and agrees to act in that capacity until removal or resignation is submitted in accordance with applicable provisions of the Arizona Revised Statutes.

Dated this 17th day of September, 2004.



 Lars O. Lagerman