

THIS INSTRUMENT PREPARED BY:

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**ARTICLES OF INCORPORATION
OF
STONEGATE FARMS
PROPERTY OWNERS' ASSOCIATION, INC.**

The undersigned, for the purpose of forming a corporation pursuant to the provisions of the Alabama Nonprofit Corporation Act (*Code of Alabama* (1975), Sections 10-3A-1, et seq.) hereby adopts the following Articles of Incorporation and certify as follows:

1. **NAME.** The name of the corporation is "Stonegate Farms Property Owners' Association, Inc." (hereinafter referred to as the "Association").

2. **DURATION.** The period of duration of the Association shall be perpetual unless dissolved pursuant to law.

3. **PURPOSES.** The purposes for which the Association is organized are:

(a) To provide for the efficient preservation of the appearance, value and amenities of the Property which is or may become subject to the Stonegate Farms Covenants, Conditions and Restrictions, or any similar document executed by Developer covering any portion of the Property (collectively the "Covenants"), recorded or to be recorded in the Probate Office of Shelby County, Alabama. Capitalized terms not otherwise defined herein shall have the same meanings given to them in the Covenants.

(b) To the extent provided in the Covenants, to control the specifications, architecture, design, appearance, siting and landscaping of all improvements to be constructed, placed or permitted to remain on any lot or dwelling within the Property and all alterations, changes and additions thereto.

(c) To perform and carry out the acts, duties, responsibilities and conditions delegated to the Association in the Covenants, these Articles of Incorporation, the Bylaws of the Association ("Bylaws") and all amendments thereto.

(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 the extent provided in the Covenants, to enforce all of the terms and provisions of the Covenants and to make, establish and enforce reasonable rules and regulations governing the administration, operation and management of the Property.

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SHELBY COUNTY JUDGE OF PROBATE

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

(g) To employ personnel and contract for services, material and labor, including contracting for the operation of any sewer lift station servicing any portion of the 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.

(i) To enforce any of the provisions of the Covenants 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, governments, governmental subdivision, or body politic.

(k) To operate without profit for the sole and exclusive benefit of its members.

(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 Alabama Nonprofit Corporation 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 Covenants.

THE ASSOCIATION DOES NOT CONTEMPLATE PECUNIARY GAIN OR PROFIT FOR THE MEMBERS THEREOF AND THE FUNDS OF THE ASSOCIATION, WHETHER RECEIVED BY GIFT OR OTHERWISE, REGARDLESS OF THE SOURCE THEREOF, SHALL BE EXCLUSIVELY USED IN THE PROMOTION OF THE BUSINESS OF THE ASSOCIATION, AS THE BOARD OF DIRECTORS OF THE ASSOCIATION (THE "BOARD") MAY FROM TIME TO TIME DETERMINE.

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:

Registered Agent:	Mark D. Elgin
Mailing Address:	1950 Stonegate Drive, Suite 300 Vestavia Hills, Alabama 35242

5. **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 of the Association. The Association does not contemplate the distribution of gains, profits or dividends to the members thereof and is organized solely for nonprofit purposes.

6. **MEMBERS.** The members of the Association (the "Members") shall consist of all Owners. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot or Dwelling. A Member shall be entitled to one (1) vote for each Lot or Dwelling owned by such Member. Developer shall be entitled to all voting rights attributable to any Lots and Dwellings owned by Developer. Notwithstanding anything provided herein or in the Bylaws to the contrary, for so long as Developer owns any portion of the Property, or until such earlier date as Developer, in its sole discretion may otherwise elect, (a) Developer shall have the sole and exclusive right to (i) elect the Board, (ii) appoint the officers of the Association, (iii) remove and replace any members of the Board and the officers of the Association, (iv) amend the Articles of Incorporation and the Bylaws, (v) amend the Covenants (subject to the limitations set forth the Covenants) and (vi) take all other action on behalf of the Association and vote on all other matters required to be voted on or approved by the Members. As long as Developer owns any portion of the Property, or until such earlier date as Developer, in its sole discretion, may otherwise elect, the Members shall not have any voting rights in the Association. At such time as Developer no longer owns any portion of the Property, or at such earlier date as Developer, in its sole discretion, may elect, the Members shall be entitled to vote on all of the foregoing matters subject to any restrictions set forth in the Covenants. The voting rights of any Member may be limited and suspended in accordance with the provisions of the Covenants.

7. **DIRECTORS.**

(a) **Number of Directors.** The affairs of the Association shall be managed by the Board. The number of directors constituting the initial Board shall be five (5). Thereafter, the number of directors shall be fixed in the manner provided in the Bylaws and may thereafter be increased or decreased from time to time by amendment to or in the manner provided in the Bylaws; provided, however, that (i) the number of directors shall in no event consist of less than three (3) directors, (ii) no decrease in the number of directors shall have the effect of shortening the term of any incumbent director, (iii) Developer shall have the right to elect all members of the Board as long as Developer owns any portion of the Property or until such earlier date which Developer, in its sole discretion, may otherwise elect, and (iv) at such time as Developer no longer owns any portion of the Property, or at such earlier date which Developer, in its sole discretion, may otherwise elect, the Members shall elect a new Board as provided in the Covenants. Directors need not be Owners or residents of the State of Alabama. The names and addresses of each person who is to serve as an initial director of the Association until their successors are elected and qualified or until such directors are removed as provided in Paragraph 7(b) of these Articles of Incorporation are as follows:

1. Mark D. Elgin 1950 Stonegate Drive, Suite 300
Vestavia Hills, Alabama 35242
2. J. Peter Wolnski 1950 Stonegate Drive, Suite 300
Vestavia Hills, Alabama 35242
3. Robert C. McLean 1950 Stonegate Drive, Suite 300
Vestavia Hills, Alabama 35242
4. Lynn Webb 1950 Stonegate Drive, Suite 300
Vestavia Hills, Alabama 35242
5. Suzi Schor 1950 Stonegate Drive, Suite 300
Vestavia Hills, Alabama 35242

(b) **Removal.** For so long as Developer owns any portion of the Property, or until such earlier date which Developer, in its sole discretion, may otherwise elect, Developer shall have the right at any time and from time to time to remove any director, either with or without cause, and may appoint a successor to such removed director or otherwise fill any vacancies on the Board, in each case without any consent or approval of any of the Members. At such time as Developer no longer owns any portion of the Property, or at such earlier date which Developer, in its sole discretion, may otherwise elect, the Members shall have the right at any time and from time to time to remove any director, either with or without cause, and may appoint a successor to such removed director. Any vacancies which may thereafter arise on the Board shall be filled as provided in the Bylaws.

(c) **Powers.** Except as may be otherwise provided to the contrary in the Covenants, the 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.

(d) **Conflicts of Interests.** 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 may be pecuniarily or otherwise 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 at the meeting of the Board 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. 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. Notwithstanding anything provided to the contrary in these Articles of Incorporation or the Bylaws, Developer or an affiliate of Developer shall be employed as the manager of the Association and the Property for so long as Developer owns any portion of the Property, or until such earlier date which Developer, in its sole discretion, may otherwise elect.

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

Stonegate Farms, LLC
an Alabama limited liability company
c/o Mr. Mark D. Elgin
1950 Stonegate Drive, Suite 300
Vestavia Hills, Alabama 35242

9. **DISTRIBUTION OF ASSETS UPON DISSOLUTION.**

(a) 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 Developer shall be returned to Developer, unless Developer refuses to accept the conveyance (in whole or in part); and

(ii) No Member, director, or officer of the Association or other private individual shall be entitled to share in the distribution of any of the Association assets upon dissolution of the Association. Unless agreed to the contrary by three-fourths (3/4) of the Members, upon dissolution of the Association, the assets of the Association shall be granted, conveyed, and assigned to an appropriate public body, agency, or agencies, utility or utilities, or anyone or more of them or to anyone or more non-profit corporations, associations, trusts, or other organizations to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. No disposition of the Association's assets shall be effective to divest or diminish any right or title of any Member vested in him or her under recorded covenants and restrictions applicable to such assets unless made in accordance with the provisions of such covenants and restrictions.

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

10. **POWER OF PRESIDENT AND VICE PRESIDENTS TO EXECUTE DOCUMENTS.** The president of the Association and each vice president of the Association shall each have authority to execute all instruments, documents and contracts on behalf of the Association.

11. **INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS.**

(a) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Association), by reason of the fact that he or she is or was a

director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such claim, action, suit or proceeding if he or she acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful, deliberate or wanton misconduct in the performance of his or her duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

(c) To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraphs 11(a) and (b) above, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith, notwithstanding that he or she has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

(d) Any indemnification under Paragraphs 11(a) and (b) above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Paragraphs 11(a) or (b) above. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested

directors so directs, by independent legal counsel in a written opinion, or (3) by a majority vote of the Members.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Association in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in Paragraph 11(d) above upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if and to the extent that it shall be ultimately determined that he or she is not entitled to be indemnified by the Association as authorized in this Paragraph 11.

(f) The indemnification authorized by this Paragraph 11 shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule of law, provisions of the Articles of Incorporation, Bylaws, agreement, vote of Members or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Paragraph 11.

12. **AMENDMENT.** For so long as Developer owns any portion of the Property, or until such earlier date which Developer in its sole discretion may otherwise elect, these Articles of Incorporation may be amended at any time and from time to time by Developer or by the vote of the Board, without the consent or approval of any of the Members. At such time as Developer no longer owns any portion of the Property, or at such earlier date as Developer, in its sole discretion may otherwise elect, then these Articles of Incorporation may be amended, subject to the terms and provisions of the Covenants, by the affirmative vote of at least two-thirds (2/3) of the total votes in the Association.

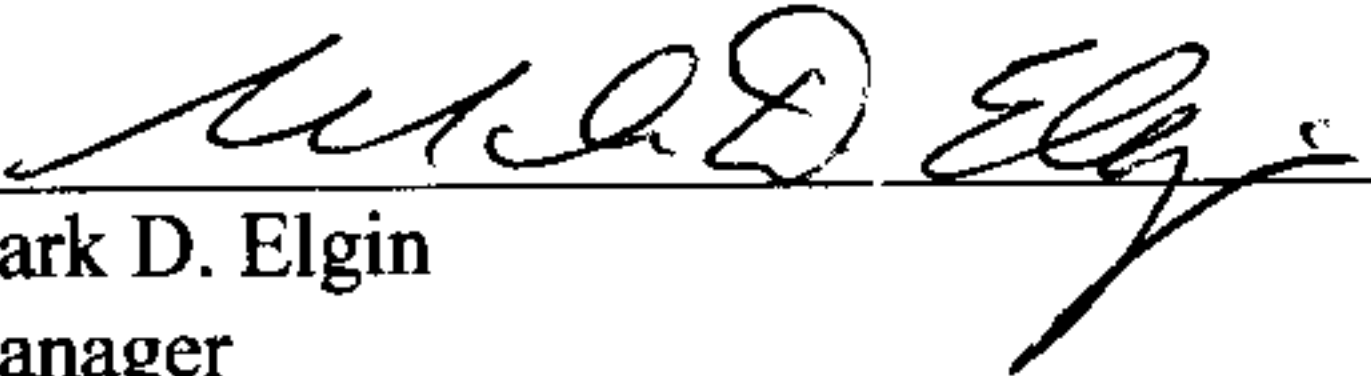
13. **INCORPORATION BY REFERENCE.** All of the terms, provisions, definitions, covenants and conditions set forth in the Covenants are hereby expressly incorporated herein by reference as if fully set forth herein. In the event of any conflict or ambiguity between the terms, provisions, definitions,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


IN WITNESS WHEREOF, the undersigned incorporator has caused these Articles of Incorporation to be executed by and through its duly authorized member as of this the 21st day of February, 2001.

STONEGATE FARMS, LLC, an Alabama limited liability company

BY: STONEGATE PROJECTS (ALABAMA), LLC, an Alabama limited liability company, Manager

BY: STONEGATE REALTY COMPANY, LLC, an Oklahoma limited liability company, Manager

By: 
Mark D. Elgin
Manager

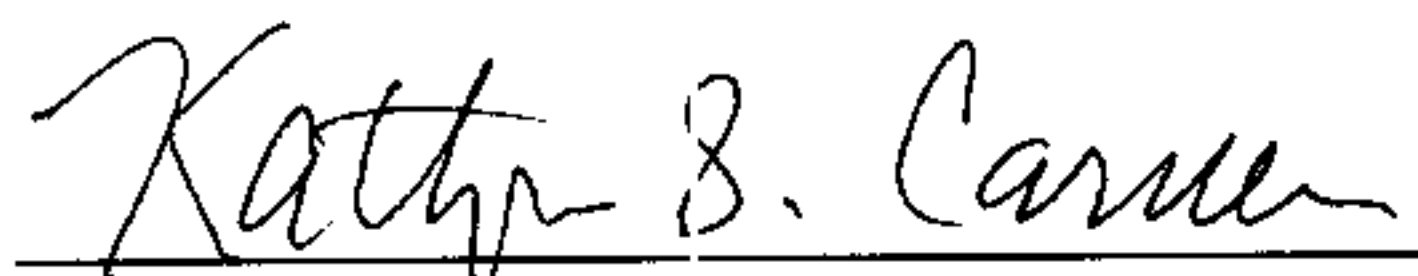
State of Alabama - Jefferson County
I certify this instrument filed on:
2001 FEB 21 P.M. 14:30
Recorded and \$ Mtg. Tax
and \$ Deed Tax and Fee Amt.
\$ 26.00 Total \$ 26.00
MICHAEL F. BOLIN, Judge of Probate

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STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public, in and for said County in said State, hereby certify that Mark D. Elgin, whose name as Manager of Stonegate Realty Company, LLC, an Oklahoma limited liability company, which is Manager of Stonegate Projects (Alabama), LLC, an Alabama limited liability company, which is Manager of Stonegate Farms, LLC, an Alabama limited liability company, 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, as such Manager and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and official seal this 21st day of February, 2001.


Notary Public

My Commission Expires: 1/14/03