

ARTICLES OF ASSOCIATION
OF THE
KINCORA RESIDENTS ASSOCIATION

1. The Articles of Company contained in Table "A" in the Schedule to the Companies Act (Alberta) do not apply to this Company.
2. The headings used throughout these Articles shall not affect the construction hereof. In these Articles and the Memorandum of Association of this Company, unless the context otherwise requires, expressions defined in the Companies Act, or any statutory amendment or modification thereof, shall have the meaning so defined, and
 - a) "Apex" means The Apex Corporation;
 - b) "*Companies Act* (Alberta)" means the Companies Act of the Province of Alberta, for the time being in force;
 - c) "Company" means the above named Association;
 - d) "Directors", "Board" and "Board of Directors" means the directors of the Company for the time being;
 - e) "Family Members" means the spouse (whether legally married to or not) of a Member and the lawful children (as distinguished from a child under 18 years of age for whom the Member or his spouse is not in the position of having legal responsibility for such child) of such Member and/or such spouse provided such spouse and children are actually residing in the residential property of the Member and located in the Kincora Subdivision;
 - f) "Kincora Amenities" means collectively the Private Kincora Amenities and the Public Kincora Amenities.
 - g) "Kincora Amenities Parcels" means those lots that may be created for the Private Kincora Amenities by Plan of Subdivision from time to time, and the final acreage, boundaries and number of lots required for the Private Kincora Amenities and the Kincora Amenities Parcels are solely at the discretion of Apex and are subject to the approval of the City of Calgary and other regulatory authorities.
 - h) "Kincora Subdivision" means the lands being legally described in Schedule "A" attached hereto located generally in the Northwesterly portion of the City of Calgary, in the Province of Alberta and being part of the Symons Valley residential subdivisions.

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Registrar of Corporations
Province of Alberta

- i) "Member" or "Members" means a person or persons for the time being entered in the register of Members;
- j) "month" means calendar month;
- k) "office" means the registered office of the Company for the time being;
- l) "Private Kincora Amenities" means the recreational areas, landscaped areas, entrance features, linear open spaces, pathways associated community and related signage, and related facilities located on the Kincora Amenities Parcels.
- m) "Public Kincora Amenities" means the Public Utility Lots, Environmental Reserves, Municipal Reserves, public walkways, road boulevards, road medians, associated community and related signage and related facilities.
- n) "Restrictive Covenant" means an instrument registered against a title to certain property located in the Kincora Subdivision to restrict the use of such property for the better enjoyment and greater benefit of the Kincora Amenities and the Kincora Amenities Parcels by all the Members;
- o) "Secretary" includes any person appointed to perform the duties of secretary;
- p) "these presents" means and includes these Articles of Company, and any modification or alteration thereof for the time being in force;
- q) "writing" and "written" includes printing, typewriting, lithographing and other modes or representing or reproducing words in visible form which, without restricting the generality of the foregoing shall include telex, facsimile transmission or electronic mail;

3. Words importing the singular number include the plural number and vice versa, words importing the masculine gender include the feminine and words importing persons include corporations and companies.

REGISTERED OFFICE

4. Subject to the provisions of The Companies Act (Alberta), the Company may, by ordinary resolution of the Directors change from time to time the place within the City of Calgary where the registered office of the Company is to be situated.

MEMBERS

5. The subscribers hereto shall be Members until they resign. Every person owning a residential property in the Kincora Subdivision shall be a Member as long as such person so owns such residential property and shall forthwith cease to be a

Member at any time a residential property in the Kincora Subdivision is not owned by such person. Every person owning residential property in the Kincora Subdivision shall agree, in writing to allow the registration of an Encumbrance and a Restrictive Covenant or an Easement against the title to their property confirming such membership, their obligations and their agreement to pay the annual rental charge. In the event any person owning a residential property in the Kincora Subdivision delays, fails, or refuses to complete and allow the registration of the Encumbrance or Caveat such person does hereby irrevocably appoint the Company as his attorney to sign and deliver in his place and stead all such documents necessary to become a Member. PROVIDED ALWAYS:

- a) where there is more than one such owner the Member shall be the person designated as Member by all the owners of said property. In the absence of such designation the first person named as owner in the Certificate of Title, shall be the Member;
- b) where a residential property is owned by a corporation the Member shall be a person resident in said property and designated by the corporation as the Member; and
- c) where a residential property is occupied by a tenant such tenant may be designated as the Member by and instead of the owner of such property; and
- d) where a condominium project is located in the Kincora Subdivision all of the individual owners of the condominium properties shall be entitled to become Members subject to subclause a) above;
- e) in the event of difficulty or dispute in determining the Member, the Directors in their absolute discretion may designate the Member, the intention being that there be a Member from each residential property in the Kincora Subdivision and that the Member be a natural person resident in the Kincora Subdivision; and
- f) membership is not transferable by a Member but is determined by ownership and residence as herein set out.

REGISTER OF MEMBERS

6. A register of Members in such form as the Board may approve shall be maintained in which shall be recorded the names and addresses of all Members. The register of members shall be amended from time to time so that all Members are listed in the Register. Such amendment may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon amendment as aforesaid there may be charged a fee not exceeding TEN DOLLARS (\$10.00) as set by the Board from time to time for the provision of a copy thereof.

RIGHTS OF MEMBERS AND FAMILY MEMBERS

7. Each Member shall have access to and be entitled to the use and benefits associated with the Private Kincora Amenities and the Kincora Amenities Parcels in common with all other Members. In the event a Member abuses their access to or use of the Private Kincora Amenities and the Kincora Amenities Parcels the Directors shall in their sole discretion be entitled to impose a monetary fine upon such Member in an amount not exceeding \$500.00 as the Directors may determine to be appropriate considering the conduct of the Member or Family Members. Any such fine imposed by the Director shall be a charge against the residential property owned by the Member or the Member of the Family Member secured by an Encumbrance.

MEMBERS' MEETINGS

8. The first annual general meeting of the Company shall be held at such time, within sixteen (16) months from the date on which the Company is incorporated, and at such place as the Directors may determine. Subsequent annual general meetings shall be held at least once in every calendar year and no more than sixteen (16) months after the holding of the last preceding annual general meeting, at such time and place as may be determined by the Directors.
- 9.
- a) The general meetings referred to in the preceding clause shall be called annual general meetings, and all other meetings of the Company shall be called special general meetings.
 - b) All meetings of Members shall be held in the City of Calgary in the Province of Alberta.
 - c) No Family Member shall be entitled to notice of any meeting, general, special or otherwise of the Company, nor shall any Family Member have the right to vote at any such meeting, but they may attend same; and
 - d) Only Members shall be entitled to vote, or propose, or second resolutions at meetings of the Members.
10. The Directors may, whenever they think fit, proceed to convene a special general meeting of the Company.
11. Where it is proposed to pass a Special Resolution, such notice as is required to be given by The Companies Act (Alberta), and in all other cases at least ten (10) days notice specifying the day, hour and place of every Members meeting, and in case of special business the general nature of such business, shall be served in one of the manners hereinafter provided on the Members registered in the register of Members at the time such notice is served or if a record date has been fixed, if it is proposed that: (i) additional obligations other than those specifically set forth in the Memorandum of Association of the Association are to be assumed by the Association; or (ii) the amount of the annual rent charge

imposed upon each residential unit, multi-site condominium unit, or each rental apartment unit in the Subdivision be increased to greater than \$200.00, or \$100.00, plus applicable G.S.T., as the case may be, or a further increase thereafter, or to approve a Special Assessment then such specific notice of such proposed Special Resolution must be provided by the directors, to the Members registered in the register of Members at the record date as so fixed.

PROVIDED ALWAYS that a meeting of the Members may be held for any purpose, at any time and at any place without notice, if all the Members entitled to notice of such meeting are present in person or represented thereat by proxy or if the absent Members shall have signified their assent in writing to such meeting being held. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any Member or the duly appointed proxy of any Member. It shall not be necessary to give notice of any adjourned meeting.

12. Irregularities in the notice of any meeting or in the giving thereof or the accidental omission to give notice of any meeting or the non-receipt of any notice by any Member or Members, shall not invalidate any resolution passed or any proceedings taken at any meeting or shall not prevent the holding of such meeting.

PROCEEDINGS AT MEMBERS' MEETINGS

13. All business shall be deemed special that is transacted at a special general meeting and all business that is transacted at an annual general meeting, with the exception of consideration and approval of the financial statements and the ordinary report of the Directors, auditors and officers, the election of Directors, the appointment of auditors, the fixing of the remuneration of the auditors and the transaction of any business which under these presents ought to be transacted at a general meeting. Special business or a special Resolution may be passed at an annual general meeting provided the requisite notice has been given.
14. No business shall be transacted at a general meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, five percent (5%) of the Members either personally present or represented by proxy shall be a quorum.
15. The President, or in his absence the Vice-President (if any) shall be entitled to take the chair at every general meeting, or if there be no President or Vice-President, or if at any meeting such officers shall not be present within fifteen (15) minutes after the time appointed for holding such meeting, the Members present shall choose a Director as chairperson, and if no Director be present, or if all the Directors present decline to take the chair, then the Members present shall choose one of their number to be chairperson. The chairperson at any meeting of Members may appoint one or more persons who are Members to act as scrutineers.

16. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place; and if at such adjourned meeting a quorum is not present, the Members present or represented by proxy, if at least two and one half (2.5%) of the Members, shall constitute a quorum.
17. Every question submitted to a meeting shall be decided in the first instance by a show of hands or otherwise as the chairperson may direct and in the case of an equality of votes the chairperson shall, both on a show of hands or otherwise, have a casting vote in addition to the vote to which he may be entitled to as a Member.
18.
 - a) At any meeting unless a poll is demanded by the chairperson or by one-tenth of the Members present a declaration by the chairperson that a resolution has been carried or carried by a particular majority, and an entry to that effect in the book of proceeds of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution;
 - b) If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the chairperson of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
19. The chairperson of a general meeting may, with the consent of the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

VOTES OF MEMBERS

20. On a show of hands every Member present in person, including the proxy nominees of a Member, shall have one vote. No Family Member shall be entitled to vote unless acting as proxy for a Member.
21. Votes may be given either personally or by a nominee appointed by a proxy.
22. A proxy shall be in writing in any effectual form under the hand of the appointer or of his attorney duly authorized in writing, and need not be attested. A person appointed proxy must be a Member or Family Member.
23. No proxy shall be valid after the expiration of twelve (12) months from the date of its execution unless it is otherwise specified in the instrument.
24. The proxy shall be deposited at the registered office of the Company or such other place as may be specified in the notice of meeting not less than twenty-

four (24) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, unless the Board determined to accept proxies submitted at the meeting. If there is any default of such deposit the proxy shall not be treated as valid.

25. A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death of the Member, or revocation of the proxy with respect to which the vote is given, provided no intimation in writing of the death or revocation shall have been received before the meeting at the place where the proxies are to be deposited.
26. No Member shall be entitled to be present or to vote on any question, either personally or by a nominee appointed by a proxy, or as the nominee appointed by a proxy for another Member at any general meeting, or upon a poll, or to be counted in a quorum whilst any sum shall be due or payable to the Company by such Member.

BORROWING POWERS

27. The Directors may from time to time at their discretion raise or borrow money for the purpose of the Company business in amounts in the aggregate not exceeding Ten Thousand Dollars (\$10,000.00) at any time.

DIRECTORS

28. Unless otherwise determined by a general meeting, the number of Directors shall be not less than three (3) or more than fifteen (15).
29. The subscribers hereto shall be the first Directors of the Company.
30. The Directors shall have power from time to time and at any time, to appoint by ordinary resolution any other person or persons as Director or Directors, either to fill a casual vacancy or vacancies or as an addition or additions to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles or by a general meeting.
31. A Director, other than a subscriber or nominee of a subscriber, must be a Member of the Company.
32. The Directors shall not be entitled to be paid out of the funds of the Company by way of remuneration for their services as Directors.
33. A Director may retire from office upon giving five (5) days notice in writing to the Company of his intention to do so, and such resignation shall take effect upon the expiration of such notice or its earlier acceptance.
34. The office of a Director shall be deemed to be vacated:

- a) if he is found to be insane or becomes of unsound mind;
 - b) if by notice in writing to the Company he resigns his office upon the time herein before fixed for the resignation to take effect or the previous acceptance of the same;
 - c) if he be removed by resolution of the Company, as hereinafter provided;
 - d) if he ceases to be a member in accordance with Section 5; or
 - e) during any period that any sum shall be due or payable to the Company by such Director.
35. A Director shall be disqualified, by his office, from contracting with the Company either as a vendor, purchaser or otherwise howsoever.
36. At the first annual general meeting and at every succeeding annual general meeting, all of the Directors, howsoever appointed or elected, shall retire from office. A retiring Director shall retain office until the dissolution of the meeting at which his successor is elected. If at any general meeting at which an election of directors ought to take place, no such election takes place, the retiring Directors shall continue in office until the annual general meeting in the next year, and so on from year to year until their places are filled up, unless it shall be determined at such meeting to reduce the number of Directors.
37. A retiring Director shall be eligible for re-election.
38. The Company at every annual general meeting shall fill up the vacated offices by electing a like number of person to be Directors, or in case any change in the number of Directors is made at any such meeting, by electing the number of persons to be Directors as may be fixed by such meeting.
39. The Company may, by special resolution of the Members, at any time remove any or all of the Directors before the expiration of his or their period of office and by ordinary resolution appoint another or other qualified person or persons in his or their stead; and the person or persons so appointed shall hold office during such time only as the Director or Directors in whose place he is or they are appointed would have held the same if he or they had not been removed.

REGISTER OF DIRECTORS AND OFFICERS

40. The Directors shall duly comply with the provisions of the Companies Act (Alberta), or any statutory modification thereof for the time being in force, and in particular with the provision in regard to the keeping of the registers of the Directors and officers and their addresses and occupations, the signing of the balance sheet, the filing with the Registrar of Companies an annual report and copies of special and other resolutions and of any change in the registered office or of Directors and, where applicable, the mailing of form of proxy and the issuing of information circulars.

PROCEEDINGS OF DIRECTORS

41. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings, and may declare the quorum necessary for the transaction of business, but until the directors make such determination, one-half of the Directors shall be a quorum.
42. Meetings of the Board of Directors shall be held in the City of Calgary, in the Province of Alberta.
43. The Directors may make regulations in regard to the manner and time that notice shall be given of such meetings. Until such regulations are made, meetings of the Board may be held at any time without formal notice if all the Directors are present or those absent have signified their consent in writing to the meeting being held in their absence; and notice of any meeting where notice has not been dispensed with, delivered or mailed to each Director at his ordinary address at least three (3) business days prior to such meeting, shall be sufficient notice of any meeting of the Directors. In computing such period of three (3) business days, the day on which such notice is delivered or received shall be included; and the day for which the notice is given shall be excluded. Notices shall be deemed received when delivered if served by delivery or two (2) business days after mailing if served by mail. Notice of any meeting, or irregularity in any meeting or in the notice thereof, may be waived by that individual Director. The Director may by resolution appoint a regular time and place for meetings, and no further or other notice of such time and place other than the entry of such resolution in the minutes of the meeting at which it was passed shall be necessary. Immediately upon the conclusion of the annual general meeting a meeting of the newly elected Directors shall be held and no notice of such meeting shall be necessary.
44. Any Director may participate in a meeting of the Board of Directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a Director participating in a meeting pursuant to this article shall be deemed to be present in person at that meeting and the meeting shall be deemed to have been held at such place in Calgary as the Directors may from time to time determine.
45. The President or Secretary shall at the request of not less than 20% of the Directors, convene a meeting of Directors.
46. Questions arising at any meeting of Directors shall be decided by a majority of votes, and in case of an equality of votes, the chairperson shall have a second or casting vote.
47. The continuing Directors may act notwithstanding any vacancy in their number, but if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the Company as the necessary quorum of Directors, the continuing Directors may act only for the purpose of increasing the

number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.

48. The Directors may approach one of their number to be chairperson of the Board of Directors, and in the absence of such appointment the President shall serve as chairperson of the Board. If the chairperson is not present at any meeting at the time appointed for holding the same, the Directors present shall choose one of their number to be chairperson of such meeting.
49. A meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company vested in or exercisable by the Directors generally.
50. The Directors may delegate any of their powers to committees consisting of such one or more member or members of the Board as they think fit and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Directors.
51. The meetings and proceedings of any such committee consisting of two (2) or more members of the Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, including the appointment of a quorum, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the past preceding clause.
52. All acts done at any meeting of the Directors, or of a committee of Directors or any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
53. A resolution in writing, signed by all the Directors without their meeting together, and which may be executed in several counterparts, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; and shall be held to relate back to any date therein stated to be the effective date thereof.

MINUTES

54. The Directors shall cause minutes to be duly entered in books provided for the purpose:
 - a) of all appointments of officers;
 - b) of the names of Directors present at each meeting of the Directors and of any committee of Directors:

- c) of all resolutions made by the Directors and committees of Directors; and
- d) of all resolutions and proceedings of general meetings,

and any such minutes of any meetings of the Directors or of any committee of Directors, or of the Company, if purporting to be signed by the chairperson of such meeting, or by the chairperson of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes.

POWERS OF DIRECTORS

55. The management of the business of the Company shall be vested in the Directors who in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company or any other duties or responsibilities which may be assigned to the Company from time to time and are not hereby or by statute expressly directed or required to be exercised or done by the Members at a general meeting; and without restricting the generality of the foregoing the Directors shall exercise general supervision of the affairs of the Company and may from time to time make rules and regulations in relation to the Company, and may at any time in like manner annul or vary any rules and regulations so made, and all rules and regulations so made and for the time being in force shall be binding on the Members of the Company, and shall have full effect accordingly; and it is expressly declared that the following shall be deemed to be rules and regulations in relation to the Company within the meaning of this clause, that is to say, regulations:
- a) as to proof required from persons claiming to be eligible to be Members;
 - b) as to the annual rent charge or other subscriptions or payments to be payable by the Members of the Company;
 - c) as to the manner in which a Member may be assessed a monetary fine for abuse of the access and use of the Private Kincora Amenities or the Kincora Amenities Parcels;
 - d) as to the maintenance of the Company's amenities and facilities and use of the Company's amenities and facilities by Members and Family Members;
 - e) as to the maintenance of property which the Company is obliged to maintain even if the Company has no ownership interest therein; and
 - f) as to committees of Members in connection with the management of the Company, and as to the appointment, removal, qualification, disqualification, duties, function, powers and privileges of Members of such committees.

56. It is hereby disclosed to all Members that representatives of Apex are or will be Members of the Company and all Members of the Company do hereby unanimously agree to the provisions of Section 57 below and do hereby unanimously entirely release Apex, the representatives of Apex, the Company and the Directors and officers of the Company from the legal results of any conflict that they or Apex may otherwise be in as a result of Apex and the Company entering into an Agreement for the development, the initial management operation of, maintenance of and delivery of the Private Kincora Amenities and the Kincora Amenities Parcels to the Company and the maintenance, if any, of the Public Kincora Amenities including from the legal consequences of the Directors and officers of the Company being partially restrained from and being partially released from their normal and usual rights, duties and responsibilities as provided for in Section 57 below.

**TEMPORARY REMOVAL OF OFFICERS' AND DIRECTORS'
AUTHORITY AND RESPONSIBILITIES**

57. The Private Kincora Amenities and the Kincora Amenities Parcels have been designed, engineered and planned solely by Apex who has agreed to develop and construct such amenities at its sole cost and responsibility. Apex has also agreed to be responsible for the operation, maintenance and management of the Private Kincora Amenities and the Kincora Amenities Parcels until the later of June 30, 2007, or the date that 95% of the titles to the residential lots in the Kincora Subdivision have been transferred to homeowners of the residential lots in the Kincora Lands have been sold by Apex and to then transfer the operation, maintenance, management and, to the extent legally permissible, ownership of the Private Kincora Amenities and the Kincora Amenities Parcels to the Company or an associated company of the Company providing that the Company does not hinder Apex's efforts or increase the development, construction, operating, management, or maintenance costs for the Kincora Amenities and the Kincora Amenities Parcels by becoming involved in, investigating or interfering in or trying to exercise any authority or control in the development, construction, operation, maintenance or management of the Kincora Amenities and the Kincora Amenities Parcels. Provided that the Company does not hinder or otherwise interfere with Apex, as set out above, Apex has agreed to provide by means of a loan sufficient monies which together with the monies received from the encumbrances, will allow for the proper operation and maintenance of the Private Kincora Amenities and the Kincora Amenities Parcels. Apex has agreed that repayment of any balances of such loans not repaid when both title to and management of the Private Kincora Amenities and the Kincora Amenities Parcels are delivered to the Company will be forgiven provided that such unpaid balances are not the result of the failure of the Company under this section. The Company has agreed to this condition and in order to relieve its officers and Directors from any responsibility that they may otherwise have in the proper exercise of their responsibility to protect the interests of the Company and its Members and any alleged resulting breach of fiduciary obligations, until both the ownership of the Private Kincora Amenities and the Kincora Amenities Parcels, to the extent legally permissible, and the operation, maintenance and management of same are formally transferred to the

Company by Apex, the powers of the Officers and Directors of the Company to manage the business and affairs of the Company are hereby released from such duties and from any liability for failure to otherwise exercise such duty in so far as such duty relates in any way to the investigation of, determination of and enforcing of the proper and adequate quality of design, engineering, planning, development, and construction of the Private Kincora Amenities and the Kincora Amenities Parcels and during such period the maintenance and operation of same. Except as set out above, such officers and Directors shall retain their normal and usual rights, duties and responsibilities and will on a limited basis as requested by Apex be involved in the operation of the Private Kincora Amenities and the Kincora Amenities Parcels.

OFFICERS

58. The Officers of the Company shall consist of a president, a secretary and a treasurer, or a secretary-treasurer and such other officers as the Directors may from time to time appoint. Any one person may fill more than one of the above offices. Such persons holding such offices, besides fulfilling any duties assigned to them by the Directors, shall have such powers as are usually incidental to such offices.
59. The president shall be elected by the Board from amongst their number. The secretary and the treasurer or secretary-treasurer of the Company shall be appointed by the Board. The Board may appoint an assistant secretary, who shall be empowered to act in the absence of or under the direction of the secretary in the performance of the duties of the secretary. The Directors may appoint a temporary substitute for any of the above Officers, who shall for the purposes of these presents be deemed to be the Officer for the position of whom he occupies.
60. Any Officer of the Company shall be entitled to attend any Members' meeting.

SEAL

61. The Company shall have a corporate seal which shall be of such form and device as may be adopted by the Directors, and the Directors may make such provisions as they see fit with respect to the affixing of the said seal and the appointment of a Director or Directors or other persons, to attest by their signatures that such seal was duly affixed.

DIVIDENDS

62. As the Company is formed solely for the purpose of promoting recreation, social communication and aesthetic improvements amongst its Members and the Kincora Subdivision and it is the intention of the Company to apply the profits, if any, or any other income of the Company in promoting its objects and as the Company is not formed with gain for its object, no dividend whatsoever and no

part of the income of the Company shall be divided among, payable to or be available for the personal benefit of any Member of the Company.

RESERVES AND FUNDS

63. The Directors may set aside any of the profits of the Company to create a reserve or reserves to provide for maintaining the property of the Company and other property which it is obliged to maintain, replacing the wasting assets, meeting contingencies, forming an insurance reserve or for any other purposes whatsoever for which the profits of the Company may be lawfully used. The Directors may also carry forward to the accounts of the succeeding year or years any profit or balance of profit which they shall not think fit to place in such a reserve.
64. The Directors may create a fund or funds out of the assets of the Company and may apply the fund or funds either by employing them in the business of the Company or investing them in such manner as they shall think fit, and the income arising from such fund or funds shall be treated as part of the profits of the Company for the year in which such income arose. Such funds may be applied for the purpose of maintaining the property of the Company, replacing the wasting assets, meeting contingencies, forming an insurance fund or for any other purpose for which the profits of the Company may lawfully be used.
65. The Directors may from time to time increase, reduce or abolish any reserve or reserve fund in whole or in part and may transfer the whole or any part to surplus.

OPERATING COST OF ASSOCIATION

66. The Directors shall implement a procedure to monitor and to determine the costs of operating, maintaining and managing the Kincora Amenities and the Kincora Amenities Parcels.
67. a) Each member shall pay to the Company the annual rent charge as established from time to time by the Directors or Members pursuant to Section 69 herein, in their unfettered discretion to cover all costs (as actually incurred), expenditures (including, without limitation, all administrative expenses) and outgoings (whether of a capital nature or not) incurred by the Company in the fulfillment of its objects, including the development, operation, maintenance and management of the Kincora Amenities and the Kincora Amenities Parcels or such other responsibilities or obligations as may be approved by resolution of the Company. Such annual rent charge shall be registered against title to each residential unit, condominium unit and rental apartment unit as security for payment thereof. Notwithstanding the foregoing, the Company may where it deems it reasonable and prudent, assess an

individual Member or any one or more Members individually for a cost, expense or outgoing of the Company relating principally to such one or more Members;

- b) The Members shall pay to the Company such sums as the Directors or Members pursuant to Section 69 herein, may from time to time determine in their sole discretion are required to establish a contingency reserve fund to meet the obligations of the Company; and
 - c) Any dues, assessments or charges for such costs, expenditures and outgoings unpaid when due shall bear interest at a rate of 18% per annum until paid, and such assessment or charge, together with any interest thereon and all costs incurred in connection with the collection thereof, including legal costs on a solicitor and own client basis, shall be a charge against the Lands or such one or more lots therein to which such unpaid assessment or charges relate as the Company shall deem fit or appropriate.
68. The initial annual rent charge shall be \$200.00, plus applicable G.S.T. per residential unit, and \$100.00, plus applicable G.S.T. per condominium unit and rental apartment unit and such annual rent charges shall be shown in the Encumbrance registered as security for the same. Notwithstanding this Clause, neither the developer, nor a builder acquiring a lot from a developer, shall be responsible for payment of the annual rent charge until such time as title has been transferred into the name of the owner of the residential unit, or condominium unit, or until the rental apartment unit is occupied.
69. If the resulting contributions received do not result in sufficient income to pay the costs of the Company, then the Directors shall increase its income in the following manner:
- a) if necessary, they shall borrow, on a short term basis any funds required to meet the operating cash deficiency being experienced;
 - b) the Directors may increase the annual rental charge to the Members;
 - c) they shall present a full report on the operating cash deficiency to the next annual general meeting of the Company together with their recommendations for increasing the income of the Company including, if so determined by the Directors, increasing the annual rental charges to the Members;
 - d) if they determine that addressing such deficiency should not await the next ensuing annual general meeting, they shall call a special general meeting of the Company to consider the matter; and
 - e) any increase in the annual rent charges shall only be increased in the same ratio that the existing rental charges have one to another as indicated in clause 68 herein and as contained in the Encumbrance in existence at the time of the meeting.

The Members shall be bound by the decision of the Directors or Members passed in accordance with these Articles and agree to the amendment of their Encumbrance in accordance with the decision of such meeting; and if any Encumbrance has been foreclosed off of the title to the lot of a Member or has otherwise been taken off such title or if pursuant to a meeting of the Members, it has been agreed to register a new Encumbrance or a Caveat giving notice of the change, the Member agrees either to enter into any requested new Encumbrance to be registered against the title to his property or agrees to the filing of an Encumbrance or Caveat as referred to above and if he delays, fails, or refuses to complete the new Encumbrance or Caveat the Company is hereby appointed as his attorney to sign and deliver such new Encumbrance or Caveat in his place and stead.

ACCOUNTS

70. The Directors shall cause true accounts to be kept of the sums of money received and disbursed by the Company and the manner in respect of which said receipts and disbursements take place, of all sales and purchases by the Company and of the assets and liabilities of the Company and of all other transactions affecting the financial position of the Company.
71. The books of account and accounting records shall be kept at the records office of the Company or, subject to the limitations of the Companies Act (Alberta) in this regard, at such other place or places as the Directors think fit, and shall be open to inspection by the Directors and duly authorized representatives of the City of Calgary during the normal business hours of the Company.
72. The Directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books of the Company, or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspection of any account or book or document of the Company except as conferred by law or authorized by the Directors.
73. The Directors shall prepare before each annual general meeting of the Members a financial statement and the report of the auditor to the Members thereon. The financial statement shall:
 - a) be approved by the Board of Directors and signed by two (2) of them;
 - b) cover a period that ended not more than six (6) months before the annual general meeting;
 - c) subject to the provisions of the Companies Act (Alberta), contain a comparative statement (except in the case of the first statement) relating separately to the latest completed financial year next preceding it; and
 - d) be made up of:
 - i) a statement of profit and loss for each period;

- ii) a statement of surplus for each period;
 - iii) subject to the provision of the Companies Act (Alberta), a statement of source and application of funds for each period; and
 - iv) a balance sheet as at the end of each period with each statement containing the information required by the Companies Act (Alberta) to be disclosed in such statements.
74. Subject to the provisions of the Companies Act (Alberta), a copy of the financial statement and a copy of the auditor's report shall be sent to each Member (not including Family Members) by prepaid mail, at least 10 days before the date of the annual meeting or upon written request of such Member.
75. Subject to the provision of the Companies Act (Alberta), a comparative six-month interim financial statement, if prepared by the Company, shall be sent to each Member upon written request of such Member.

NOTICES

76. Any notice may be served by the Company on any Member either personally or by leaving it at the address of a Member as the same appears in the books of the Company or by sending it through the post in a prepaid envelope addressed to such Member at his address as the same appears in the books of the Company, or if no address is given therein, to the address shown on the Certificate of Title to the lot in the Kincora Subdivision giving membership status to such individual. Any notice sent by post shall be deemed to have been served on the third business day following the mailing thereof.
77. Any notice or document delivered or sent by post or left at the address of any Member as the same appears on the books of the Company shall, notwithstanding such Member be then deceased and whether or not the Company had notice of his decease, be deemed to have been duly served until some other person is entered in his stead in the books of the Company as a Member, and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons interested with such Member.
78. The signature on any notice to be given by the Company may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.
79. Where a given number of days notice or a notice extending over any other period is required to be given, the day of service of the notice and the day for which notice is given shall, unless it is otherwise provided, be counted in such number of days or other period.
80. A certificate of the secretary or other duly authorized officer of the Company in office at the time of the making of the certificate as to the facts in relation to the

mailing, including the proper address thereof, or delivery of any notice to any Member, Director or Officer or publication of any notice, shall be prima facie evidence thereof and shall be binding on every Member, Director or Officer of the Company, as the case may be.

81. It shall not be necessary for any notice to set out the nature of the business which is to come before a meeting of the Directors and it shall not be necessary for any notice to set out the business which is to come before a meeting of the Members unless the same is special business.
82. A special general meeting and the annual general meeting may be convened by one and the same notice, and there shall be no objection to the said notice on the basis that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

RECORD DATE

83. The Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of Members as a record date for the determination of the Members entitled to notice of, and to vote at, any such meeting, and only the Members of record in the Register of Members at the close of business on that date so fixed shall be entitled to such notice of, and to vote at, such meeting, notwithstanding any change of Members on the Register of members after any such record date fixed as aforesaid.


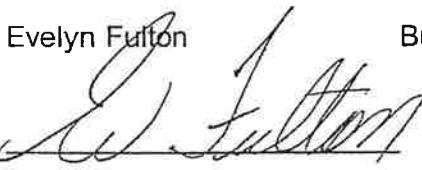
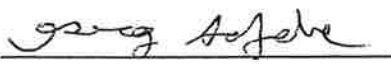
INDEMNITY


84. Except as otherwise hereinafter provided, every Director, Officer or employee of the Company shall be indemnified by the Company against all losses and expenses which any such Director, Officer or employee shall incur or become liable for by reason of any contract entered into or act or thing done by him, in good faith, discharging his duties as a Director, officer or employee of the Company.
85. Any person made a party to any action, suit or proceeding by reason of the fact that he, his testator or intestate, is or was a Director, Officer or employee of the Company, shall be indemnified by the Company against reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceedings that such Director, officer or employee is liable for negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such Director, Officer or employee may be entitled. None of the provisions hereof shall be construed as a limitation upon the right of the Company to exercise its general power to enter into a contract or undertaking of indemnity with or for the benefit of any Director, Officer or employee in any proper case not provided for herein.

86. No Director, officer or employee of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director, Officer or employee or for joining in any receipt or neglects or defaults of any other Director, Officer or employee or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for the loss or damage arising from the bankruptcy or insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by an error of judgement or oversight on his part or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty, or unless it is otherwise provided in a contract of service with such Director, Officer or employee.

DATED at the City of Calgary, in the Province of Alberta, this ____ day of October 2002.

NAMES, ADDRESSES AND OCCUPTION OF SUBSCRIBERS

SUBSCRIBERS	OCCUPATION	ADDRESS
Frank Boyd  <hr/>	Businessman	300, 1710 – 14 Avenue N.W. Calgary, Alberta T2N 1M5
Evelyn Fulton  <hr/>	Businesswoman	300, 1710 – 14 Avenue N.W. Calgary, Alberta T2N 1M5
Greg Lefebre  <hr/>	Businessman	300, 1710 – 14 Avenue N.W. Calgary, Alberta T2N 1M5



 Witness to the Above Signatures

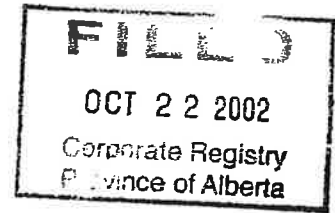
Please Print Name: SUSAN HENDERSON
 C200, 9705 Horton Road S.W.
 Calgary, Alberta T2V 2X5

Schedule "A"
To the Articles of Association
Of Kincora Residents Association

Description of Lands

- FIRST MERIDIAN 5 RANGE 1 TOWNSHIP 25 SECTION 30
 THAT PORTION OF LEGAL SUBDIVISION
 11 WHICH LIES SOUTHWEST OF ROAD
 PLAN 3610JK AND ALL OF LEGAL
 SUBDIVISION 12 IN THE NORTH WEST
 QUARTER CONTAINING 31.6 HECTARES
 (78.07 ACRES) MORE OR LESS
 EXCEPTING THEREOUT ALL MINES AND
 MINERALS AND THE RIGHT TO WORK
 THE SAME
- SECOND MERIDIAN 5 RANGE 1 TOWNSHIP 25 SECTION 30
 THAT PORTION OF THE NORTH EAST
 QUARTER WHICH LIES SOUTHWEST OF
 ROAD PLAN 3610JK CONTAINING 4.45
 HECTARES (11 ACRES) MORE OR LESS
 EXCEPTING THEREOUT ALL MINES AND
 MINERALS AND THE RIGHT TO WORK
 THE SAME
- THIRD MERIDIAN 5 RANGE 1 TOWNSHIP 25 SECTION 30
 THAT PORTION OF THE SOUTH WEST
 QUARTER WHICH LIES NORTHEAST OF
 TRANSPORTATION AND UTILITY
 CORRIDOR RIGHT OF WAY ON PLAN
 8911266 CONTAINING 54.85 HECTARES
 (135.54 ACRES) MORE OR LESS
 EXCEPTING THEREOUT ALL MINES AND
 MINERALS AND THE RIGHT TO WORK
 THE SAME
- FOURTH MERIDIAN 5 RANGE 1 TOWNSHIP 25 SECTION 30
 THAT PORTION OF THE SOUTH EAST
 QUARTER WHICH LIES WEST OF ROAD
 ON PLAN 3610JK AND
 TRANSPORTATION AND UTILITY
 CORRIDOR RIGHT OF WAY ON PLAN
 9111136 CONTAINING 36.19 HECTARES
 (89.43 ACRES) MORE OR LESS
 EXCEPTING THEREOUT ALL MINES AND
 MINERALS AND THE RIGHT TO WORK
 THE SAME

**MEMORANDUM OF ASSOCIATION
OF THE
KINCORA RESIDENTS ASSOCIATION**



1. The name of the Company is the Kincora Residents Association
2. The Company is incorporated under Part 9 of the Companies Act RSA 1980, Chap. C-20 as a non-profit corporation.
3. The objects for which the Company is established are:
 - a) To acquire and takeover for the benefit of its members the operation, management and ownership to the extent legally permissible, of certain recreational areas, landscaped areas, entrance features, linear open spaces, and related facilities (the "Private Kincora Amenities") from The Apex Corporation ("Apex") all of which are or will be situated on lands legally described in Schedule "A" attached hereto (the "Kincora Subdivision") and specifically located on such lots that may be created for the Private Kincora Amenities by Plan of Subdivision from time to time (the "Kincora Amenities Parcels"), as well as the maintenance of Public Utility Lots, Environmental Reserves, Municipal Reserves, public walkways, road boulevards, road medians, associated community and related signage and related facilities (the "Public Kincora Amenities") and all or any of the equipment, chattels and assets used in connection therewith, and to operate maintain such aesthetic, social and recreational facilities and areas located generally in northwesterly portion of the City of Calgary, in the Province of Alberta and being part of the Symons Valley residential subdivision. Collectively, the Private Kincora Amenities and the Public Kincora Amenities form the "Kincora Amenities". The final acreage, boundaries, and maintenance by the company of the Kincora Amenities are subject to the approval of Apex and the City of Calgary.
 - b) To acquire from Apex its rights (if any) under each and every rental income encumbrance, restrictive covenant and easement registered on the lands located within the Kincora Subdivision for the purpose of the management and operation of the Private Kincora Amenities and the Kincora Amenities Parcels and the maintenance of the Public Kincora Amenities and any other duties, responsibilities or obligations as may be approved by Special Resolution of the Association together with any and all benefits and advantages to be derived therefrom and to enforce the same:
 - c) To do all such other lawful things as are incidental or conducive to the attainment of the above objects or any of them.
 - d) To incur or undertake such other responsibilities or obligations as may be hereinafter approved by Special Resolution of the Members of the Association.