

ARTICLES OF INCORPORATION

DELAGUA CANYON RANCHES

PROPERTY OWNERS ASSOCIATION

I, the undersigned natural person of the age of twenty-one years or more, acting as an incorporator of a nonprofit corporation under the Colorado Nonprofit Corporation Act, adopt the following Articles of Incorporation for such corporation.

ARTICLE 1

ASSOCIATION

1.1 Association Name. The name of the corporation shall be the DELAGUA CANYON RANCHES PROPERTY OWNERS ASSOCIATION (hereinafter referred to as the "Association").

1.2 Perpetual Existence. The Association shall have perpetual existence.

ARTICLE II

OBJECTS, PURPOSES, AND POWERS

2.1 Objects and Purposes. The Association does not contemplate pecuniary gain or profit to the members thereof. The specific objects and purposes for which the Association is organized are to be and constitute the Association to which reference is made in that certain Declaration for the DELAGUA CANYON RANCHES PROPERTY OWNERS ASSOCIATION recorded March 28, 1981 in the office of the clerk and recorder of the county of Las Animas Colorado, as the same may hereafter be amended from time to time (hereinafter referred to as the "Declaration" and to perform all the obligations and duties of the Association as set forth in the Declaration, together with any act or thing reasonably to be implied therefrom or connected in any way therewith. The definitions set forth in the Declaration shall also be applicable to these Articles of Incorporation.

2.2 Powers. In furtherance of its objects and purposes, the Association shall have and may exercise, either as principal or agent and either alone or in connection with other corporations, partnerships, associa-

tions or individuals, any and all of the powers, rights and privileges now or hereafter permitted, given or granted to nonprofit corporations by the laws of the State of Colorado. In addition, the Association may do everything necessary, suitable or proper for the accomplishment of any of its corporate purposes, including all of the power necessary to perform the obligations and duties and to exercise the rights, privileges and powers of the Association under the Declaration. Without in any manner limiting the generality of the foregoing, the Association shall have the following specific powers:

2.2.1 exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration" applicable to the property and recorded in the office of the clerk and recorder of Las Animas County, Colorado, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as set forth at length;

2.2.2 fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or other governmental charges levied or imposed against the property of the Association;

2.2.3. acquired (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

2.2.4 borrow money, and with the assent of two-thirds (2/3) of each class of members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

2.2.5 dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

2.2.6 participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;

2.2.7 have and to exercise any and all powers, rights, and privileges which a corporation organized under the Non-profit Corporation Law of the State of Colorado by law may now or hereafter have or exercise.

### ARTICLE III

#### REGISTERED OFFICE AND AGENT

3.1 Registered Office. The address of the initial registered office of the Association is 2928 Straus Lane #200, Colo. Spgs., Colo. 80907

---

3.2 Registered Agent. The name of the initial registered agent of the registered office of the Association is Charles R. Baldwin.

### ARTICLE IV

#### MEMBERSHIP

4.1 Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

### ARTICLE V

#### VOTING RIGHTS

5.1 Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot,

all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each lot owned (as defined in 3.2 of the Declaration) which is neither leased, nor rented, nor otherwise occupied. Leasing, renting or allowing entry for occupancy shall terminate Declarant's weighted voting advantage in relation to any individual lot so leased, rented or occupied, and will limit Declarant to the same voting right as a Class A member with respect to such individual lot. At the time that any individual lot owned by Declarant is leased, rented or occupied, the assessments for such individual lot shall become the same as for an individual lot owned by a Class A member. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or,

(b) on such date as shall be 10 years after the date of the recording of the Declaration in the county records (the Declaration must be recorded prior to the first conveyance to a lot purchaser), or

(c) on such date as the Declarant shall voluntarily relinquish his Class B membership.

Notwithstanding the foregoing, however, in the event that the Declarant shall annex any additional property to the Declaration pursuant to the provisions of Article VIII with respect to stages of the development, then the Class B membership shall not cease and be converted to Class A membership unless and until:

(i) the total votes outstanding in the Class A membership applicable to the individual lots enumerated in the Phase I of this development is equal to the total votes as outstanding in the Class B membership applicable to such Phase I lots, and

(ii) the total votes outstanding in the Class A membership applicable to each additional property annexed to the

Declaration is equal to the total votes outstanding in the Class B membership applicable to each of such annexed properties; provided, however, in no event shall a Class B membership extend beyond the date established in accordance with the provisions of Subsection 3.2 Class B.

ARTICLE VI

BOARD OF DIRECTORS

6.1 Directors. The business and affairs of the Association shall be conducted, managed and controlled by a Board of Directors which shall consist of not less than three nor more than nine members. The specific number of directors, their terms of office and the manner in which they are elected shall be set forth in the By-Laws of the Association. Directors shall be Owners (as defined in Declaration) which, in the case of Declarant or other corporate Owners, shall include the officers, directors or employees of Declarant and the officers and directors of other corporate Owners.

6.2 Initial Board of Directors. The initial or first Board of Directors of the Association shall consist of the following three members who shall serve until the first annual election of directors or until their resignation or until their successors are elected or appointed and qualify:

Name

Address

CHARLES R. BALDWIN

2928 Straus Lane #200  
Colo. Spgs., Colo. 80907

OWEN G. BALDWIN

2928 Straus Lane #200  
Colo. Spgs. Colo. 80907

ANGELA RILEYBALDWIN

2928 Straus Lane #200  
Colo. Spgs., Colo. 80907

ARTICLE VII

GENERAL

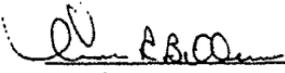
7.1 Dissolution. The Association may be dissolved with the assent given in writing and signed by not less than 67% of the entire membership of the Association and signed by the first mortgagee owning first mortgages on not less than two-thirds (2/3) of the mortgaged individual lots. Upon dissolution 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 the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

7.2 Incorporator. The name and address of the incorporator of the Association is CHARLES R. BALDWIN, 2928 Straus Lane #200, Colo. Spgs., Colo. 80907

7.3 Amendments. Amendments of these Articles of Incorporation shall require the assent of at least 75% of the votes of the entire membership of the Association.

7.4 Document Conflict. In case of conflicts between the provisions of the Declaration and these Articles of Incorporation or the By-Laws of the Association, the Declaration shall control. In case of conflicts in the provisions of these Articles of Incorporation and the By-Laws of the Association, these Articles of Incorporation shall control.

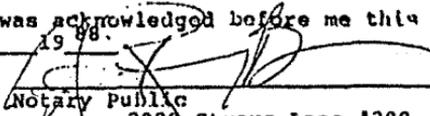
IN WITNESS WHEREOF, the above named incorporator has hereunto set his hand and seal this 4th day of May 19 88.

  
\_\_\_\_\_

STATE OF COLORADO )  
COUNTY OF El Paso ) <sup>ss</sup>

4th day of May 19 88.  
The foregoing instrument was acknowledged before me this

My commission expires 6/22/90

  
\_\_\_\_\_  
Notary Public  
2928 Straus Lane #200  
Colo. Spgs., Colo. 80907