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**ARTICLES OF INCORPORATION OF
EDGEMONT HIGHLANDS COMMUNITY ASSOCIATION, INC.
(A NONPROFIT CORPORATION)**

Pursuant to C.R.S. §7-122-102 and part 3 of article 90 of title 7, Colorado Revised Statutes, these Articles of Incorporation are delivered to the Colorado Secretary of State for filing.

**ARTICLE I
NAME**

The name of the Corporation is EDGEMONT HIGHLANDS COMMUNITY ASSOCIATION, INC. ("Association").

**ARTICLE II
PURPOSE**

The purposes for which the corporation is formed are as follows:

(a) To operate the Common Interest Community known as EDGEMONT HIGHLANDS, located in La Plata, Colorado, pursuant to the Declaration of Covenants, Conditions and Restrictions of Edgemont Highlands (the "Declaration") and in accordance with the requirements for an association of Unit Owners charged with the administration of property under the Colorado Common Interest Ownership Act (the "Act") of the Statutes of the State of Colorado, as amended, including, without limiting the generality of the foregoing statement, nor creating an obligation with respect thereto, the performance of the following acts and services for a not-for-profit basis:

(i) To acquire, construct, manage, supervise, care for, operate, maintain, renew and protect all buildings, structures, grounds, roadways and other facilities, installations and appurtenances thereto relating to the property of the Common Interest Community; to provide maintenance for the Common Elements within the Common Interest Community; to provide garbage and trash collection; to provide security protection; to maintain lands or trees; to supplement municipal services; to enforce any and all covenants, restrictions and agreements applicable to the Common Interest Community; and, insofar as permitted by law, to do any other thing that, in the opinion of the Executive Board, will promote the common benefit and enjoyment of the residents of the Common Interest Community.

(ii) To prepare estimates and budgets of the costs and expenses of rendering these services and the performance, or contracting or entering into agreements for this performance, as provided for in or contemplated by this subparagraph (ii); to apportion these estimated costs and expenses among the Unit Owners; and to collect these costs and expenses from the Unit Owners obligated to assume or bear the same; and to borrow money for the Association's purposes, pledging as security the income due from Unit Owners and from others, the property of the corporation and the Common Elements of the Common Interest Community.

(iii) To enforce, on behalf of the Unit Owners, rules made or promulgated by the Executive Board with respect to the safe occupancy, reasonable use and enjoyment of the buildings, structures, grounds and facilities of the Common Interest Community, and, to levy fines to enforce compliance with these rules.

(iv) To perform, or cause to be performed, all other additional services and acts as are usually performed by managers or managing agents of real estate developments, including without limitation, keeping or causing to be kept, appropriate books and records, preparing and filing necessary reports and returns, and making or causing to be made audits of books and accounts.

(b) To retain counsel, auditors, accountants, appraisers and other persons or services that may be necessary for or incidental to any of the activities described in this document.

(c) To do and perform, or cause to be performed, all other necessary acts and services suitable or incidental to any of the foregoing purposes and objects to the fullest extent permitted by law, and to acquire, sell, mortgage, lease or encumber any real or personal property for these purposes.

(d) To promote the health, safety, welfare and common benefit of the residents of the Common Interest Community.

(e) To do any and all permitted acts, and to have and to exercise any and all powers, rights and privileges which are granted to a Common Interest Community Association under the Colorado Common Interest Ownership Act, the Declaration of Covenants, Conditions, and Restrictions of Edgemont Highlands (the "Declaration"), the Bylaws, and the laws applicable to a nonprofit corporation of the State of Colorado (the "Colorado Revised Nonprofit Corporation Act").

The foregoing statements of purpose shall be construed as a statement of both purpose and powers, but shall in no way be construed to create an obligation or duty on the part of the Association. The purposes and powers stated in each clause shall not be limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers. The Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

ARTICLE III DURATION

The duration of the Association shall be perpetual.

ARTICLE IV NONPROFIT

The Association shall be a nonprofit corporation, without shares of stock.

ARTICLE V CORPORATE OFFICE

The initial principal office of the corporation shall be 211 Rock Point Drive, Suite 107, Durango, CO 81301.

**ARTICLE VI
AGENT FOR SERVICE**

The initial registered agent of this corporation shall be Tom D. Gorton, whose address is 211 Rock Point Drive, Suite 107, Durango, CO 81301, and whose written consent to appointment is provided in the attached accompanying document.

**ARTICLE VII
EXECUTIVE BOARD**

The initial Executive Board shall consist of three persons, and this number may be changed in accordance with the Bylaws, except that in no event may the number of Directors be less than three. The names and addresses of the persons who shall serve as Directors until their successors shall be, appointed or elected and qualified are as follows:

Tom D. Gorton, 211 Rock Point Drive, Suite 107, Durango, CO 81301
Deborah A. Gorton, 3883 County Road 207, Durango, CO 81301
Beverly Lawrence, 211 Rock Point Drive, Suite 107, Durango, CO 81301

**ARTICLE VIII
INCORPORATORS**

The name and address of the incorporator is as follows:

Ted C. Wright, 160 E. 12th Street, Suite 7, Durango, CO 81301

**ARTICLE IX
MEMBERSHIP CLASSES, RIGHTS AND QUALIFICATIONS**

The Declaration and this corporation has authorized total of 1033 units in the Common Interest Community. Voting and other rights and privileges of members, members' liability for dues and assessments and the method of collection of dues and assessments shall be set forth in the Bylaws and the Declaration. The Association shall have two classes of membership, Class "A" and Class "B"

- Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.2 of the Declaration, except that there shall be only one vote per Unit. No vote shall be exercised for any property that is exempt from assessment under Section 8.8 of the Declaration. All Class "A" votes shall be cast as provided in Section 6.3(c) of the Declaration.
- Class "B". The sole Class "B" Member shall be the Declarant under the Declaration (the "Declarant"). The Class "B" Member may appoint a majority of the members of the Board of Directors during the Class "B" Control Period,

Additional classes of membership for the owners of Units within any property made subject to the Declaration pursuant to Article IX thereof may be created.

The Class "B" membership shall terminate upon the earlier of:

- two years after expiration of the Class "B" Control Period pursuant to Article III of the By-Laws; or
- when, in its discretion, Declarant so determines and declares in a recorded instrument.

Upon termination of the Class "B" membership, Declarant shall be a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

The "Class "B" Control Period" is that period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board as provided in the By-Laws. The Class "B" Control Period shall terminate on the first to occur of the following

- when seventy-five (75) percent of the maximum number of units permitted by the Declaration have been conveyed to Class "A" Members;
- December 31, 2033;
- as determined by the Act; or
- when, in its discretion, the Class "B" Member so determines.

The manner of election or appointment of Directors shall be as provided in the By-Laws.

ARTICLE X AMENDMENT

Prior to termination of the Class "B" Control Period, the Class "B" Member may unilaterally amend these Articles consistent with applicable law. After termination of the Class "B" Control Period, these Articles may be amended only by the affirmative vote of Members representing 51% of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists. No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee of such right or privilege). Notwithstanding anything herein to the contrary, the Class "B" Member may unilaterally amend these Articles at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

**ARTICLE XI
INDEMNIFICATION**

The personal liability of a director to the nonprofit corporation or to its members for monetary damages for breach of fiduciary duty as a director the nonprofit corporation shall be eliminated, with the exception of the following:

Liability of a director to the nonprofit corporation or to its members for monetary damages for any breach of the director's duty of loyalty to the nonprofit corporation or to its members;

Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

Acts specified in section C.R.S. §7-128-403 or §7-128-501 (2);

Any transaction from which the director directly or indirectly derived an improper personal benefit

**ARTICLE XII
DISSOLUTION**

In the event of the dissolution of this corporation the assets of the corporation shall be deemed to be owned by the Unit Owners at the date of dissolution as their interests may appear as provided for by C.R.S. § 38-33.3-218(5).

**ARTICLE XIII
ORGANIZATION INFORMATION**

The name and address of any one or more of the individuals who cause this document to be delivered for filing, and to whom the Secretary of State may deliver notice if filing of this document is refused, are:

NAME _____ ADDRESS

Ted C. Wright

160 E. 12th Street, Suite 7, Durango, CO 81301
voice 970 259-4830; fax 970 259-3419;
email ted@tcwright.com