



STATE OF COLORADO

DEPARTMENT OF
STATE
CERTIFICATE

I, DONETTA DAVIDSON, SECRETARY OF STATE OF THE STATE OF
COLORADO HEREBY CERTIFY THAT

ACCORDING TO THE RECORDS OF THIS OFFICE

ARBORS AT MOUNTAIN SHADOWS CONDOMINIUM OWNERS ASSOCIATION,
INC.
(COLORADO NONPROFIT CORPORATION)

FILE # 20021197923 WAS FILED IN THIS OFFICE ON July 19, 2002
AND HAS COMPLIED WITH THE APPLICABLE PROVISIONS OF THE
LAWS OF THE STATE OF COLORADO AND ON THIS DATE IS IN GOOD
STANDING AND AUTHORIZED AND COMPETENT TO TRANSACT BUSINESS
OR TO CONDUCT ITS AFFAIRS WITHIN THIS STATE.

Dated: July 19, 2002

Donetta Davidson

SECRETARY OF STATE



NONPROFIT

FILED
KATHA DAVIDSON
COLORADO SECRETARY OF STATE

ARTICLES OF INCORPORATION

OF

**ARBORS AT MOUNTAIN SHADOWS
CONDOMINIUM OWNERS ASSOCIATION, INC.**

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Recorder Note: copy

The undersigned person acting as Incorporator and Registered Agent under the Colorado Revised Nonprofit Corporation Act, hereby signs and acknowledges the following Articles of Incorporation for the following corporation:

ARTICLE I

Name

The name of this Corporation shall be **ARBORS AT MOUNTAIN SHADOWS CONDOMINIUM OWNERS ASSOCIATION, INC.**

ARTICLE II

Duration

The term of existence of this Corporation is perpetual.

ARTICLE III

Purposes

The business, objects and purposes for which the Corporation is formed are as follows:

1. To be and constitute the Association to which reference is made in the Condominium Declaration for Arbors at Mountain Shadows - a Condominium Community and any amendment or supplement thereto (hereinafter called the "Declaration" and the definitions and provisions thereof are incorporated herein by this reference as if set forth at length) which has been or will be recorded in the records of the Clerk and Recorder of the County of El Paso, Colorado, and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association.
2. To provide an entity for the furtherance of the interests of all of the Owners, including the Declarant named in the Declaration, with the objectives of establishing Arbors at Mountain Shadows - a Condominium Community as a project of quality and value; enhancing and protecting its value, desirability and attractiveness; promoting the welfare of the residents of said project and any additions

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thereto, and providing for the maintenance, preservation and architectural control of the Condominium Units and Common Elements within said project and any additions thereto.

ARTICLE IV
Powers

In furtherance of its purposes, this Corporation shall have all of the powers conferred upon corporations not for profit by the statutes and common law of the State of Colorado in effect from time to time, shall have all powers conferred upon owners' associations by the Colorado Common Interest Ownership Act, and any other statutes and common law applicable to this Corporation, and shall have all of the powers necessary or desirable to perform the obligations and duties and exercise the rights and powers of the Association under the Declaration which shall include, but shall not be limited to, the following:

(a) To fix, levy, collect and enforce payment by any lawful means, all charges, fines and assessments pursuant to the terms of the Declaration, law and statute; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including without limitation all licenses, taxes or governmental charges levied or imposed against the Association or its property;

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

(c) To borrow money, and, with the assent of sixty-seven percent (67%) of Members and subject to C.R.S. 38-33.3-312, to mortgage, pledge, deed in trust, or hypothecate any or all of its real property as security for money borrowed or debts incurred;

(d) To dedicate, sell or transfer, subject to C.R.S. 38-33.3-312, all or any part of the Common Elements to any public agency, authority or utility; except as otherwise provided in the Declaration, no such dedication or transfer shall be effective unless an instrument has been signed by sixty-seven percent (67%) of the Members, agreeing to such dedication, sale or transfer;

(e) To participate with the assent of sixty-seven percent (67%) of the Members, subject to C.R.S. 38-33.3-221, in mergers and consolidations with other nonprofit corporations organized for the same purposes and to annex additional residential property and Common Elements subject to the requirements and restrictions contained in the Declaration;

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- (f) To manage, control, operate, maintain, repair and improve the Common Elements;
- (g) To enforce covenants, restrictions and conditions contained in the Declaration as provided therein;
- (h) To engage in activities which will actively foster, promote and advance the common ownership interests of Owners of Condominium Units including the interest of the Declarant during its marketing of the project;
- (i) To enter into, make, perform or enforce contracts of every kind and description and to do all other acts necessary, appropriate or advisable in carrying out any purpose of this Association, with or in association with any person, firm, association, corporation or other entity or agency, public or private;
- (j) To adopt, alter and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, that such Bylaws may not be inconsistent with or contrary to any provisions of these Articles of Incorporation or the Declaration;

ARTICLE V
Membership

1. This Corporation shall be a membership corporation without certificates or shares of stock. As more fully provided in the Declaration, and Bylaws, every person or entity, who is a recorded owner of a fee or undivided fee interest in any Condominium Unit which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a voting member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performances of an obligation.

2. A membership in this Corporation and the share of a Member in the assets of this Corporation shall not be assigned, encumbered or transferred in any manner except as appurtenant to the transfer of title to the Condominium Unit to which the membership pertains; provided, however, that the rights of membership may be assigned to the holder of a mortgage, deed of trust or other security instrument on a Condominium Unit as further security for a loan secured by a lien on such Condominium Unit.

3. A transfer of membership shall occur automatically upon the transfer of title to the Condominium Unit to which the membership pertains; provided, however, that the Bylaws of this

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Corporation may contain reasonable provisions and requirements with respect to recording such transfers on the books and records of this Corporation.

4. Members shall have the right to purchase other Condominium Units and to exercise the membership rights appurtenant thereto as provided in the Declaration.

5. This Corporation may suspend the voting rights of a Member for failure to comply with rules and regulations or the Bylaws of this Corporation or with any other obligations of the Owners of a Condominium Unit under the Declaration. All Members shall be entitled to vote on all matters, except any Members who are in default in any obligations to this Corporation or as otherwise provided herein or in the Declaration, Bylaws or Rules. Cumulative voting is prohibited.

6. The Bylaws may contain additional provisions setting forth the rights, privileges, duties and responsibilities of the Members; provided, however, the provisions of these Articles of Incorporation and the Bylaws shall be subject to the covenants, terms and provisions of the Declaration which shall control in the event of any conflict. Except as to a change in the number of Directors made by amendment to the Bylaws, whenever a provision of the Articles of Incorporation is inconsistent with a Bylaw, the provision of the Articles of Incorporation shall be controlling.

ARTICLE VI
Voting Rights

1. Each Condominium Unit shall have equal voting rights based upon one vote per Unit as set forth in the Declaration; the affirmative vote of a majority of the Proportionate Interests shall be required for decisions and action by the Association, unless otherwise provided herein or in the Declaration or Bylaws. If only one of the multiple Owners of a Unit is present at a meeting of the Association, such Owner is entitled to cast all votes allocated to that unit. Alternatively, if more than one person holds an interest in a Condominium Unit, they may appoint one of their co-Owners as proxy to cast the vote for that Condominium Unit. The vote for such Condominium Unit shall be cast as the Owners holding a majority interest in thereof agree, but in no event shall they cast more than the voting rights allocated that Unit on any one question. If such Owners of such Condominium Unit cannot agree as to the manner in which their vote shall be cast when called upon to vote, then they will be treated as having abstained; during any such period, each Owner shall retain all other rights and obligations of membership in the Association.

2. Notwithstanding anything herein to the contrary, the Declarant shall have the right to appoint the Board of Directors as follows: During the Period of Declarant Control, as described below,

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the Declarant, or persons designated by him or her, subject to certain limitations, may appoint and remove the officers and members of the Board. The Period of Declarant Control shall terminate no later than either sixty (60) days after conveyance of seventy-five (75%) percent of the Units, which may be created, to Owners other than the Declarant, two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business, or two (2) years after any right to add new Units was last exercised. A Declarant may voluntarily surrender the right to appoint and remove officers and Directors of the Board before termination of the Period of Declarant Control, but in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

3. Not later than sixty (60) days after conveyance of twenty-five (25%) percent of the Units, which may be created, to Owners other than the Declarant, at least one member, and not less than twenty-five (25%) percent of the members of the Board shall be elected by the Owners, other than the Declarant. Not later than sixty (60) days after conveyance of fifty (50%) percent of the Units, which may be created, to Owners other than a Declarant, not less than one-third (1/3) of the members of the Board must be elected by the Owners other than the Declarant.

4. Except as otherwise provided in Paragraph 2 of this Article, not later than the termination of any Period of Declarant Control, the Owners shall elect a Board of at least three members, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Board shall elect the officers. The Board members and officers shall take office upon election or appointment as provided herein.

5. Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Owners, by a vote of Members holding at least sixty-seven percent (67%) of the Proportionate Interests present and entitled to vote at any meeting of the Owners at which a quorum is present, may remove any member of the Board with or without cause, other than a member appointed by the Declarant.

6. Within sixty (60) days after the Owners other than Declarant elect a majority of the members of the Board, the Declarant shall deliver to the Association all property and items described by C.R.S. 38-33.3-303(9).

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ARTICLE VII
Board of Directors

1. The business and affairs of the Corporation shall be conducted, managed and controlled by a Board of Directors. The initial Board of Directors shall consist of three Directors, whose names and addresses are shown in Paragraph 2 of this Article. A change in the number of Directors may be made by amendment to the Bylaws of the Corporation. Directors shall be Owners as defined in the Declaration. Notwithstanding anything herein to the contrary, the Declarant shall have the right to appoint the Board of Directors and to operate the Association until the Period of Declarant Control is terminated, and the Association shall not begin to function through its other Members until such time, unless the Declarant otherwise consents in writing.

2. The names and addresses of the members of the initial Board of Directors who shall serve until the first annual meeting and until their successors are duly elected and qualified are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Jack I. Mason	101 North Cascade, Suite 300 Colorado Springs, CO 80903
Phillip H. Case	c/o Mountain Crest Properties, LLC 733 North Tejon Street Colorado Springs, CO 80903
Jeffery M. Case	c/o Mountain Crest Properties, LLC 733 North Tejon Street Colorado Springs, CO 80903

3. The Bylaws of the Corporation shall set forth the terms of office and the procedures for election, removal and filling of vacancies in the Board of Directors.

ARTICLE VIII
Officers

The Board of Directors may appoint a President, one or more Vice-Presidents, a Secretary, a Treasurer and such other officers as the Board believes will be in the best interest of the Corporation. The

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officers shall have such duties as may be prescribed in the Bylaws of the Corporation and shall serve at the pleasure of the Board of Directors.

ARTICLE IX

Dissolution, Merger or Consolidation

The Corporation may be dissolved, merged, or consolidated with the assent given in writing and signed by not less than sixty-seven percent (67%) of the Members. Any merger or consolidation shall comply with C.R.S. 38-33.3-221 and the Colorado Revised Nonprofit Corporation Act. Upon dissolution of the Corporation other than incident to a merger or consolidation, the assets of the Corporation shall be distributed and transferred as the Members may direct, subject to the requirements, limitations and other provisions of the Declaration. In such event, the assets may be granted, conveyed and assigned to any public agency, nonprofit corporation, association, trust or other organization to be devoted to purposes similar to those for which this Corporation was created.

ARTICLE X

Initial Registered Office and Agent

The street address of the initial registered office of the Corporation shall be 101 North Cascade, Suite 300, Colorado Springs, El Paso County, Colorado 80903. The initial registered agent shall be Jack I. Mason, whose street address is the same as the initial registered office. The street address of the Corporation's initial principal office is the same as the initial registered office.

ARTICLE XI

Amendment

Amendments to these Articles of Incorporation shall require the assent of Members holding at least sixty-seven percent (67%) of the Proportionate Interests as defined in the Declaration, present and entitled to vote at any meeting of the Owners at which a quorum is present; provided, however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with the provisions of the Declaration and provided further that the Declarant shall have the right to amend these Articles of Incorporation, as provided in the Declaration.

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ARTICLE XII
Nonprofit Purposes

The Corporation is formed under the Colorado Revised Nonprofit Corporation Act and not for pecuniary profit or financial gain. The Corporation is organized and operated to provide for the acquisition, construction, management, maintenance and care of property of the Project as provided in the Declaration and is intended to qualify as a "Homeowners Association" as defined in subsection (c) of Section 528 of the Internal Revenue Code of 1978. Unless the Board of Directors determines otherwise, the Corporation shall receive only such income and make only such expenditures as will enable it to maintain that status under I.R.C. Section 528 or any comparable provision of the Code.

ARTICLE XIII
Non-Liability and Indemnity of Officers and Directors

Each Officer and Director of the Corporation, now or hereinafter serving in any such capacity, shall be indemnified by the Corporation against any and all claims and liabilities to which he or she has or shall become subject by reason of serving or having served in any such capacity, or by reason of any action alleged to have been taken, omitted, or neglected by him or her in any such capacity, to the fullest extent allowable by law and statute, including without limitation, the Colorado Revised Nonprofit Corporation Act. The right of indemnification herein provided shall not be exclusive of any rights to which any Director or Officer of the Corporation may otherwise be entitled by law or statute, provided however, this indemnification shall not reduce or impair any insurance coverage. No Director or Officer shall be personally liable to the Corporation, its members or other persons or entities, except as otherwise provided by the Colorado Revised Nonprofit Corporation Act.

ARTICLE XIV
Incorporator

The Incorporator of the Corporation is Jack I. Mason, whose address is 101 North Cascade, Suite 300, Colorado Springs, CO 80903.

ARTICLE XV
FHA/VA Approval

After the Declarant has sold a sufficient number of Condominium Units and obtains evidence of approval for guaranteed or insured loans by the Federal Housing Administration or the Department of Veterans Affairs and continuing until the termination of the Period of Declarant Control, the following

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actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs: annexation of additional properties, mergers and consolidations of this Corporation, mortgaging of Common Elements, dedication of Common Elements, dissolution of this Corporation and amendment of these Articles.

IN WITNESS WHEREOF, for the purposes of forming this Corporation under the laws of the State of Colorado, the undersigned, constituting the Incorporator and Registered Agent of this Corporation, has executed these Articles of Incorporation this 15th day of July, 2002.

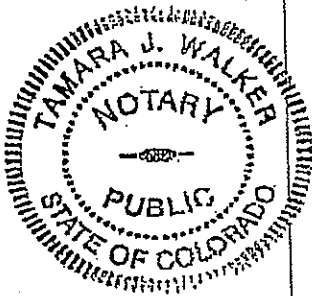
[Handwritten signature]

STATE OF COLORADO)
) ss.
COUNTY OF EL PASO)

The foregoing instrument was signed and acknowledged before me this 15th day of July, 2002, by Jack I. Mason as Incorporator and Registered Agent of the above described Corporation.

WITNESS my hand and official seal.

SEAL



[Handwritten signature: Tamara J. Walker]
Notary Public
Address: 1079 Western Dr.
Colo. Spgs, Co 80915
My commission expires: 04-10-05

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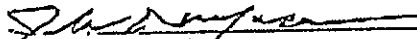
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Authorization to Use Corporate Name

Arbors at Mountain Shadows, LLC, a Colorado limited liability company, hereby authorizes the use of a similar name by Arbors at Mountain Shadows Condominium Owners Association.

Arbors at Mountain Shadows, LLC

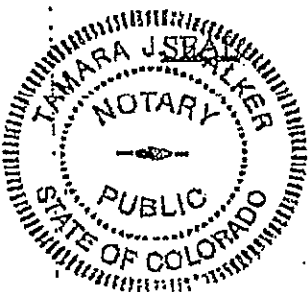
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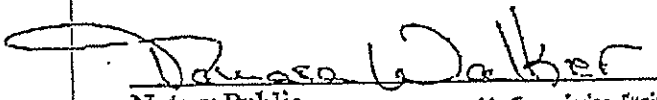

Jack I. Mason, Manager

STATE OF COLORADO)
) ss.
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 5th day of July, 2002, by Jack I. Mason, of ARBORS AT MOUNTAIN SHADOWS VENTURE, LLC, a Colorado limited liability company.

WITNESS my hand and official seal.





Notary Public My Commission Expires 04-13-05
My commission expires: _____

The name and mailing address of the individual who causes the document to be delivered for filing is: Leonard Rloth, Esq.
Anderson, Duda & Lebel, P
111 South Tejon, Ste. 400
Colorado Springs, CO 8090

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