

RECEIVED

ARTICLES OF INCORPORATION
OF
WALTON VILLAGE CONDOMINIUM OWNERS' ASSOCIATION

2008-09-09 10:10
2008-09-09 10:10

THE UNDERSIGNED, having associated themselves together to establish a non-profit corporation pursuant to the Colorado Nonprofit Corporation Act, hereby certify:

ARTICLE I

The name of the corporation shall be: Walton Village Condominium Owners' Association.

ARTICLE II

The corporation shall have perpetual existence.

ARTICLE III

(a) Purposes. The objects and purposes of the corporation shall be: (i) to provide for the care, upkeep and supervision of Walton Village Condominiums in Routt County, Colorado (the "Condominium Complex"), as further described in a condominium declaration recorded November 18, 1977, in Book 443 at Page 105 of the Routt County records and all amended and Supplemental Declarations filed from time to time (the "Declaration"); (ii) to provide for and accomplish the installation,

RA

COMP. CHD. RA

COMPUTER GENERATED

construction, erection, repair, maintenance, replacement, management and supervision of the general and limited common elements in the condominium complex and all recreational facilities maintained thereon from time to time (if any); (iii) to regulate and control the relationships between the owners of condominium units ("Units") in the Condominium Complex (the "Owners") in connection with their ownership of the Units; (iv) to provide for the pleasure and recreation of the Owners; (v) to promote the best interests of the Owners for the purpose of securing for them the fullest utilization and enjoyment of the Condominium Complex; and (vi) to exercise any and all powers and authority provided in the Declaration.

(b) Powers. In furtherance of the foregoing purposes, but not otherwise, the corporation (which is sometimes hereinafter called the "Association") shall have and may exercise all of the following powers:

(i) Real and Personal Property. To acquire, by gift, purchase, trade or any other method, own, lease from third parties, operate, build, manage, rent, sell, develop, encumber, and otherwise deal in and with real and personal property of every kind and character, tangible and intangible, wherever located, and interests of every sort therein, including "association property" as defined in Section 528(c)(4) of the Internal Revenue Code.

(ii) Borrowing. To borrow funds or raise moneys in any amount for any of the purposes of the Association and from time to time to execute, accept, endorse and deliver as evidences of such borrowing, all kinds of instruments and securities, including, but without limiting the generality

of the foregoing, promissory notes, drafts, bills of exchange, warrants, bonds, debentures, property certificates, trust certificates and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment and performance of such securities by mortgage on, or pledge, conveyance, deed or assignment in trust of, the whole or any part of the assets of the Association, real, personal, or mixed, including contract rights, whether at the time owned or hereafter acquired.

(iii) Contracts. To enter into, make, amend, perform and carry out, or cancel and rescind, contracts, leases, permits and concession agreements for any lawful purposes pertaining to its business.

(iv) Guaranties. To make any guaranty respecting securities, indebtedness, notes, interest, contracts or other obligations created by any individual, partnership, association, corporation or other entity, and to secure such guaranties by encumbrance upon any and all assets of the Association, to the extent that such guaranty is made in pursuance of the purposes herein set forth.

(v) Loans. To lend money for any of the purposes above set forth; to invest its funds from time to time and take and hold real and personal property as security for payment of funds so loaned or invested.

(vi) Assessments. To levy assessments against the Owners for common expenses (not less frequently than quarterly), pursuant to the Declaration, including without limitation assessments for contingency reserve to meet common expenses, and to levy special assessments from time to time as authorized or permitted by the Declaration, to charge interest on unpaid general and special assessments at the rate of one percent (1%) per month, to collect dues, fees, late charges and interest in accordance with its bylaws, and to exercise and enforce any and all remedies provided in the Declaration for collection of such assessments, dues, fees and interest.

(vii) General Powers. To do everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objects, or the furtherance of any of the powers above set forth, either alone or in connection with other corporations, firms or

individuals, and either as principal or agent, and to do every act or thing incidental or appurtenant to, or growing out of, or connected with any of the aforesaid objects, purposes or powers, and to do any act authorized or permitted by the Declaration.

(viii) Rule Making. To make and enforce rules and regulations with regard to the management and operation of the Condominium Complex.

(ix) Construction, Management, Maintenance and Repair. To provide for the management, maintenance and repair of the Condominium Complex, and to construct, install, erect, replace, maintain, repair, manage and supervise buildings, recreation facilities and any improvements (whether like or unlike the foregoing) now or hereafter on the common elements.

(x) Powers Conferred by Law. The foregoing enumeration of specific powers shall not limit or restrict in any manner the general powers of the Association and the enjoyment and exercise thereof as now or hereafter conferred by the laws of Colorado.

(c) Restrictions Upon Purposes and Powers. The purposes and powers of the Association are subject to the following limitations:

(i) The Association shall at all times be organized and operated solely as a "homeowners' association" as defined in and limited by Section 528(c) of the Internal Revenue Code, being part of Section 2101 of the Tax Reform Act of 1976, as now exists or may hereafter be amended;

(ii) The Association shall not for any taxable year receive more than 40% of its gross income from amounts other than membership dues, fees and assessments from Owners of Units; and

(iii) The Association shall not for any taxable year expend more than 10% of its gross expenditures for purposes other than the acquisition, construction, management, maintenance and care of property held by the Association and the general common elements and other property qualifying as "association property" under Section 528(c)(4) of the Internal Revenue Code; and

(iv) No part of net earnings of the Association shall inure to the benefit of any member of the Association (other than by acquiring, constructing or providing management, maintenance, and care of such property of the Association qualifying as "association property" under Section 528(c)(4) of the Internal Revenue Code, and other than by a rebate of excess membership dues, fees or assessments); and

(v) The Directors of the Association shall at all times and for all taxable years of the Association elect to have Section 528 of the Internal Revenue Code apply to the Association.

(d) Dividends, Distributions, etc. The Association shall not pay any dividends. No distribution of the corporate assets to members (as such) shall be made until all corporate debts and encumbrances on corporate assets are paid and discharged, and then only upon final dissolution of the Association by the affirmative vote of at least eighty percent of all votes then entitled to be cast at any regular or special meeting called for that purpose at which a quorum shall be represented. Upon such dissolution and distribution, the assets remaining after payment of all debts and discharge of all encumbrances shall be distributed among the Owners in proportion to their respective vested percentage ownership interests in the general common elements of the Condominium Complex.

ARTICLE IV

The operations of the Association shall be conducted at such places within or outside of the United States as may from time to time be determined by the board of directors. The address of the initial registered and principal office of the corporation is 2145 Resort Drive, P.O. Box 774288, Steamboat Springs, CO 80477. The name of its initial registered agent at such address is Daniel H. Bonner.

ARTICLE V

(a) Members. Any individual, corporation, partnership, association, trust or other legal entity or combination of entities, owning an undivided fee simple interest in a Unit shall automatically be a member of the Association. Such membership shall be continuous throughout the period that such ownership continues. Declarant shall be a member of the Association for and as respects each Unit owned by it from time to time. Declarant may also be a member of the Association for and as respects Undeclared Percentage undivided ownership interest in general common elements, as hereinafter provided, but shall have absolutely no liability for common expenses as respects such Undeclared Percentage membership. Termination of membership shall not relieve or release any former member from any liability or obligation incurred by virtue of or in any way connected with ownership of a Unit,

or impair any rights or remedies which the Association or others may have against such former Owner and member arising out of or in any way connected with such ownership or membership.

(b) Classes of Membership. The Association shall have the following classes of membership:

(i) Individual Membership. Any individual acquiring an ownership interest in a Unit shall automatically become an individual member of the Association.

(ii) Organizational Membership. Any corporation, partnership, association, trust or other legal entity acquiring an ownership interest in a Unit shall automatically become an organizational member of the Association. Each organizational member shall from time to time designate one or more individuals who may represent it at meetings and vote on behalf of such member. The secretary of the Association shall maintain a list of the persons entitled to vote on behalf of such member and, until the Association is notified to the contrary, any action taken by such persons purporting to act on behalf of the organizational member shall be binding upon such member. The Declarant shall be an organizational member with respect to each apartment unit owned by it from time to time and also with respect to the Undeclared Percentage.

(c) Number of Votes.

(i) The total number of votes of all members shall in all events be 100,000.

(ii) So long as Declarant is a member of the Association by virtue of and as respects the Undeclared Percentage ownership in general common elements described in subparagraph 2(b)(ii) of the Declaration, Declarant shall be entitled to cast one vote at all meetings of members for

each .001 percent of such Undeclared Percentage, and each member whose membership vests by reason of fee ownership of an apartment unit (whether on property initially subjected to the Declaration or on Additional Property subjected to the Declaration by Supplemental Declarations) shall be entitled to cast one vote at all meetings of members for each .001 percent of undivided interest in the general common elements appurtenant to the apartment unit owned by such member.

(iii) After Declarant shall have resigned its membership as respects such Undeclared Percentage, if Declarant should so choose, or after the twentieth anniversary of the initial recording of the Declaration, each member whose membership vests by reason of fee ownership of an apartment unit (whether on Property initially subjected to the Declaration or on Additional Property subjected to the Declaration by Supplemental Declarations) shall be entitled to cast one vote at all meetings of members for each .001 percent of the product (rounded of to three decimal places) of (x) the percentage undivided ownership in the general common elements on all real property then subject to the Declaration (including the initial property and all Additional Property) appurtenant to the apartment unit owned by such member, as is set forth

on Exhibit B to the Declaration and in each Supplemental Declaration, times (y) a fraction, the numerator of which is 100 and the denominator of which is the total of all percentage undivided ownership interests in general common elements vested and declared as of the date such votes are cast.

(iv) Each member who owns an undivided fee interest in a Unit amounting to less than the entire fee interest of such Unit, including a co-owner as tenant-in-common or in joint tenancy and including an owner of a time share estate, shall have the right to vote only the number of votes equal to the product of such member's undivided interest in such Unit multiplied by the total number of votes appurtenant to such Unit. For purposes of this paragraph, each joint tenant of a Unit shall be deemed to own an undivided interest in such Unit equal to 100 percent divided by the total number of joint tenants.

(d) Amendment. This Article V may be amended only by the unanimous vote of all the members and the prior written approval of such amendment by Declarant.

ARTICLE VI

(a) Board of Directors. The control and management of the affairs of the Association and the disposition of its funds and property shall be vested in the board of directors.

The number of directors shall be not less than one nor more than ten, as may be set by the bylaws from time to time in effect, and each director shall serve for a term of one year and until his successor shall be duly elected and shall qualify. Members shall be entitled to such votes in the election of directors as are provided in paragraph (c) of Article V for casting of votes at meetings of members. Cumulative voting shall not be allowed in the election of directors or for any other purpose. The initial board of directors shall be three, and the names and addresses of those comprising the first board of directors, to serve until their successors shall be duly elected, are as follows:

| | |
|------------------|--|
| C. ROBERT ENEVER | P.O. Box 239 Steamboat Springs, CO 80477 |
| DAN PICARO | P.O. Box 881052 Steamboat Plaza, CO 80488 |
| JAMES ENGELKEN | P.O. Box 771586 Steamboat Springs, CO 80477 |

(b) Executive Committee. The board of directors may by resolution designate two or more of their number to constitute an executive committee which shall have and exercise all of the powers of the board of directors in the

management of the business and affairs of the Association or such lesser authority as may be set forth in such resolution. No such delegation of authority shall relieve the board of directors or any member of the board from any responsibility imposed by law.

ARTICLE VII

The Association shall have such officers as may from time to time be prescribed by the bylaws. Their terms of office and the manner of their designation or selection shall also be determined according to the bylaws from time to time in effect.

ARTICLE VIII

The Board of Directors shall have the power and authority, pursuant to bylaws, to fix, determine, levy and collect general and special assessments to be paid by the Owners to meet the common expenses, other expenses (including special assessments) authorized or permitted by the Declaration and to create a contingency reserve to meet common expenses. The bylaws shall also establish the procedures by which the general and special assessments shall be made known to and paid by the Owners. The Board of Directors shall have the power and authority to perform all acts authorized by Paragraph 8 of the Declaration.

ARTICLE IX

The Board of Directors shall have power from time to time to appoint a manager, which may be a corporation, to carry on day-to-day maintenance, repair, rental, management, operations, billing and accounting and other functions for the Association. The Association may enter into one or more successive contracts with such manager as directed by the Board of Directors. Each contract shall include such other provisions as the board of directors may approve.

ARTICLE X

Authority to convey and encumber the property of the Association and to execute any deed, contract, assessment lien or release, or any other instrument on behalf of the Association for itself or as attorney-in-fact for one or more of the members is vested in the president or any vice president. All instruments conveying or encumbering such property (whether or not executed as such attorney-in-fact), or creating or discharging any assessment lien on any Unit, shall be executed by the president or a vice president and attested to by the secretary or an assistant secretary of the Association.

ARTICLE XI

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Association, and the same are in furtherance of and not in limitation or exclusion of the powers conferred by law:

(a) Contracts with Directors, Officers or Members.

No contract or other transaction of the Association with any other person, firm or corporation shall be affected or invalidated by (i) the fact that any one or more of the directors, officers or members of the Association is interested in, or is a director, trustee or officer of another corporation, or (ii) the fact that any director, officer or member, individually or jointly with others, may be a party to or may be interested in any such contract or transaction. Each person who may become a director, officer or member of the Association is hereby relieved from any liability that might otherwise arise by reason of his contracting with the Association for the benefit of himself or any firm or corporation in which he may be in anywise interested.

(b) Board of Directors to Exercise General Power.

All corporate powers except those which by law or by these articles expressly require the consent of the members shall be exercised by the board of directors or the executive committee.

(c) Removal of Directors. One or more or all of the directors may be removed, with or without cause, at any regular or special meeting called for such purpose, by a vote of sixty percent (60%) of all votes of the members then entitled to vote at an election of directors. Such vacancies shall be filled by vote of the members in the manner provided in the bylaws for the election of directors.

(d) Compensation of Directors and Members. The board of directors is hereby authorized to make provision for reasonable compensation to its members or to members of the Association for their services, and to reimburse such members for expenses incurred in connection with furthering the purposes of the Association. The board of directors shall fix the basis and conditions upon which such compensation and reimbursement shall be paid. Any director of the Association may also serve in any other capacity and receive compensation and reimbursement for such other work.

(e) Indemnity. Each director or officer, whether or not then in office, and each person who may have served at the request of the Association as a director or officer of another corporation in which it owns capital stock or of which it is a creditor, and his executors, administrators and assigns, shall be indemnified by the Association against all costs and expenses reasonably incurred by or imposed

upon him in connection with or arising out of any action, suit or proceeding in which he may be involved, or to which he may be made a party by reason of his being or having been such a director or officer (such expenses to include the cost of reasonable settlement made with a view toward curtailment of the costs of litigation), except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to have been liable for negligence or misconduct in the performance of duty to the Association, and the foregoing right of indemnification shall not be exclusive of other rights to which he may be entitled as a matter of law.

ARTICLE XII

The initial bylaws of the Association shall be as adopted by its board of directors. The board of directors shall have the power to alter, amend or repeal the bylaws. The bylaws may contain any provisions for the regulation or management of the affairs of the Association which are not inconsistent with law, the Declaration, or these articles of incorporation.

ARTICLE XII

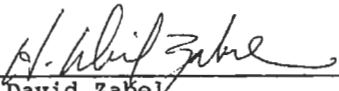
The Association reserves the right to amend, alter, change or repeal any provision contained in these articles of incorporation by, unless a higher voting requirement is set forth herein with respect to any particular provision, the vote of sixty percent (60%) of all the votes of the members then entitled to vote at an election of directors, at any regular or special meeting called for such purpose at which a quorum shall be represented.

ARTICLE XIV

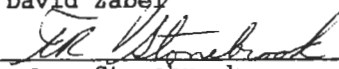
The name and address of each incorporator is:

| | |
|---------------------|--|
| H. DAVID ZABEL | P.O. Box 4288 Steamboat Springs, CO 80477 |
| TERRENCE STONEBROOK | P.O. Box 4288 Steamboat Springs, CO 80477 |
| DANIEL H. BONNER | P.O. Box 4288 Steamboat Springs, CO 80477 |


Dated February 3, 1992



 H. David Zabel



 Terrence Stonebrook



 Daniel H. Bonner