

ARTICLES OF INCORPORATION

OF

**VALLEY BROOK TOWNHOMES ASSOCIATION
(A Nonprofit Corporation)**

The undersigned incorporator hereby files these Articles of Incorporation pursuant to §7-90-301, et seq., and §7-122-102, C.R.S., for the purpose of forming a nonprofit corporation.

ARTICLE I

ENTITY NAME

The domestic entity name of the Corporation is: Valley Brook Townhomes Association.

ARTICLE 2

REGISTERED AGENT NAME AND ADDRESS

The initial registered agent of the Corporation is Timothy J. Gagen.

The person appointed as registered agent has consented to being so appointed.

The registered agent's street address is:

150 Ski Hill Road
Breckenridge, Colorado 80424

The registered agent's mailing address is:

P.O. Box 168
Breckenridge, Colorado 80424

ARTICLE 3

PRINCIPAL OFFICE

The principal office street address of the Corporation's initial principal office is:

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150 Ski Hill Road
Breckenridge, Colorado 80424

The principal office mailing address of the Corporation is:

P.O. Box 168
Breckenridge, Colorado 80424

ARTICLE 4

INCORPORATOR

The true name and mailing address of the incorporator is as follows:

Timothy H. Berry
P.O. Box 2
131 West 5th Street
Leadville, Colorado 80461

ARTICLE 5

VOTING MEMBERS

The Corporation will have voting members.

ARTICLE 6

DISTRIBUTION OF ASSETS UPON DISSOLUTION

In the event of the dissolution of the Corporation, either voluntarily by the members, by operation of law, or otherwise, then the assets of the Corporation shall be deemed to be owned by the members at the date of dissolution in proportion to each member's percentage ownership of the general common elements of the Valley Brook Townhomes located in the Town of Breckenridge, Summit County, Colorado ("*Community*").

ARTICLE 7

DURATION

The period of duration of the Corporation shall be perpetual.

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ARTICLE 8

LAW UNDER WHICH CORPORATION IS FORMED

The Corporation is formed under the Colorado Revised Nonprofit Corporation Act.

ARTICLE 9

DEFINITIONS

All terms used in these Articles of Incorporation which are defined in either: (i) the Declaration of Covenants, Conditions and Restrictions of Valley Brook Townhomes that is recorded in the office of the Clerk and Recorder of the Summit County, Colorado (the "**Declaration**"); or (ii) the Bylaws of the Corporation ("**Bylaws**"), shall have the meaning provided in such instrument.

ARTICLE 10

PURPOSE

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

10.1 To operate the Community in accordance with the Colorado Revised Nonprofit Corporation Act, as amended (Section 7-121-101, et seq. C.R.S.), and the Colorado Common Interest Ownership Act (Section 33-33.3-101, et seq.), both as amended from time to time.

10.2 To promote the health, safety, welfare, and common benefit of the owners of the townhouse units located in the Community ("**Units**"), and the residents of the Community; and

10.3 To be and constitute the Association (the "**Association**") to which reference is made in the Declaration, and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association, as specified therein.

ARTICLE 11

POWERS

In furtherance of its purposes, but not otherwise, the Corporation shall have the following powers:

11.1 All of the powers, rights, and privileges conferred upon nonprofit corporations by the common law and statutes of the State of Colorado in effect from time to time.

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11.2 All the powers, rights, and privileges conferred upon common interest community associations under the common law and statutes of the State of Colorado in effect from time to time.

11.3 All of the powers, rights, and privileges necessary or desirable to perform the obligations and duties and to exercise the rights and powers of the Association under the Declaration, Articles of Incorporation, Bylaws, Rules and Regulations, and other governing documents of the Association and the Corporation.

11.4 All of the following powers, rights, and privileges listed below, which are listed by way of example and not by way of limitation:

- (i) Adopt and amend Bylaws and Rules and Regulations;
- (ii) Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from Unit owners;
- (iii) Hire and terminate managing agents and other employees, agents, and independent contractors, as well as attorneys and accountants;
- (iv) Institute, defend, or intervene in litigation or administrative proceedings in accordance with the Declaration and applicable law;
- (v) Make contracts and incur liabilities;
- (vi) Regulate the use, maintenance, repair, replacement, and modification of common elements;
- (vii) Cause additional improvements to be made as a part of the common elements;
- (viii) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
- (ix) Grant easements, leases, licenses, and concessions through or over the common elements on behalf of the Unit owners;
- (x) Impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements other than limited common elements;
- (xi) Impose charges for late payment of assessments, recover reasonable attorneys' fees and other legal costs for collection of assessments and other actions to enforce the power of the Association, regardless of whether or not suit was initiated, and, after notice and an opportunity

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to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association;

(xii) Impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid assessments;

(xiii) Provide for the indemnification of its officers and Executive Board and maintain directors' and officers' liability insurance;

(xiv) Assign its right to future income, including the right to receive common expense assessments, but only to the extent the Declaration expressly so provides;

(xv) Exercise any other powers conferred by the Declaration or Bylaws;

(xvi) Exercise all other powers that may be exercised in this state by legal entities of the same type as the Association;

(xvii) Exercise any other powers necessary and proper for the governance and operation of the Association;

(xviii) Enforce covenants, restrictions, and conditions affecting the Community;

(xix) Borrow money and secure the repayment of monies borrowed for any purpose of the Corporation, limited in amount or in other respects as may be provided in the Bylaws or in the Declaration; and

(xx) To engage in activities which will actively foster, promote and advance the common ownership interests of the owners of the Units in the Community.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article.

ARTICLE 12

MEMBERSHIP RIGHTS AND QUALIFICATIONS

The classes, rights, and qualifications and the manner of election or appointment of members are as follows:

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12.1 The Corporation shall be a membership corporation without certificates or shares of stock. Any person who holds title to a Unit shall be a member of the Corporation. There shall be one (1) membership for each Unit owned within the Community. This membership shall be automatically transferred upon the transfer of title to the Unit to which the membership pertains; provided, however, that the Bylaws of the Corporation may contain reasonable provisions and requirements with respect to recording such transfers on the books and records of the Corporation.

12.2 All members shall be entitled to vote on all matters and the vote to which each membership is entitled is the vote assigned to its Unit in the Declaration. Cumulative voting is prohibited. No person other than an Owner of a Unit may be a member of the Corporation.

12.3 If title to any Unit shall be held by two (2) or more persons, then each such person shall be member of this Corporation; provided, however, that the voting rights of such owners of the Units shall not be divided but shall be exercised as if the Owner of the Unit consisted of only one (1) person in accordance with the proxy or other designation made by the owners of the Unit. Individual co-owners may not cast fractional votes. If a Unit is owned by more than one (1) person, then those persons shall agree among themselves how a vote for that Unit's membership is to be cast. A vote by a co-owner for the entire Unit's membership interest shall be deemed to be pursuant to a valid proxy, unless another co-owner of the same Unit objects at the time the vote is cast, in which case such membership's vote shall not be counted. The Declarant named in the Declaration, or its successors or assigns may exercise all voting rights with respect to any Unit owned by it.

12.4 A membership in the Corporation and the share of a member in the assets of the Corporation shall not be assigned, encumbered, or transferred in any manner except as an appurtenance to transfer of title to the Unit to which the membership pertains; provided, however, that the rights of membership may be assigned to the holder of a First Mortgage or Deed of Trust as further security for a loan secured by a lien on such Unit.

12.5 The Executive Board of the Corporation may suspend the voting rights of a member for failure to pay any assessment or for failure to otherwise comply with the Rules and Regulations or the Bylaws of the Corporation, or with any other obligations of the owners under the Declaration, or agreement(s) created pursuant thereto.

12.6 The members of the Corporation shall be of one class. The class is comprised solely of Unit owners who own Units as defined in the Declaration. After the period of Declarant Control as set forth in the Declaration, the members shall elect all members of the Executive Board in the manner provided in the Bylaws.

12.7 The Bylaws may contain provisions, not inconsistent with the foregoing, setting forth the rights, privileges, duties and responsibilities of the members.

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ARTICLE 13

BOARD OF DIRECTORS

13.1 The business and affairs of the Corporation shall be conducted, managed, and controlled by a board of directors denominated as the Executive Board ("*Executive Board*"). In addition to those powers and duties herein provided in the Bylaws, the Executive Board shall have all of the powers and perform all of the duties of a Executive Board as provided by applicable law.

13.2 The Executive Board shall consist of not less than three (3) nor more than five (5) directors, the specified number to be set forth from time to time in the Bylaws; provided, however, that initially and during the period of Declarant Control (as defined in Section 13.6 below), the Executive Board shall consist of one (1) director whose initial term shall be for one (1) year. When there are three (3) or more directors of the Executive Board, the terms of approximately one-third (1/3) of the directors of the Executive Board shall expire annually.

13.3 Directors of the Executive Board shall be elected in the manner determined by the Bylaws. All Directors shall be Unit owners.

13.4 Directors may be removed and vacancies on the Executive Board shall be filled in the manner provided by the Bylaws.

13.5 If ownership of any Unit is held by a corporation, limited liability company, other limited liability entity recognized by Colorado law, trust, or partnership (general or limited), then, in that event, officers, directors, agents, representatives, or employees of said entity may serve as a member of the Executive Board.

13.6 Notwithstanding Sections 13.2 and 13.3, Declarant has the sole right to appoint and to remove members of the Executive Board and officers of the Association to the extent of and during the period of Declarant Control. Such members and officers need not be Unit owners, but shall exercise the care required of fiduciaries of the Unit owners. "Declarant Control" begins and ends as provided in the Declaration.

13.7 The initial Executive Board shall consist of the following person, who shall serve for a term of one (1) year, or until his successor(s) is duly elected and qualified:

NAME	ADDRESS
Timothy J. Gagen	150 Ski Hill Road P.O. Box 168 Breckenridge, Colorado 80424

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ARTICLE 14

AMENDMENTS

Amendments of these Articles of Incorporation shall require the approval of at least sixty-seven percent (67%) of the votes present or represented by proxy at either an annual or a special meeting and by the number of First Mortgagees specified in the Declaration for particular amendments. In the event there are no members, or no members entitled to vote thereon, an amendment shall be adopted at a meeting of the Executive Board upon receiving the vote of a majority of the Directors in office. No amendment shall be contrary to or inconsistent with any provision of the Declaration.

ARTICLE 15

NAME AND ADDRESS OF INDIVIDUAL CAUSING ARTICLES TO BE FILED

Name and address of the individual causing the document to be delivered for filing:

Timothy H. Berry
P.O. Box 2
Leadville, Colorado 80461