

02/17/91

ARTICLES OF INCORPORATION  
OF  
ALDASORO RANCH HOMEOWNERS COMPANY

The undersigned, desiring to establish a nonprofit corporation pursuant to the Colorado Nonprofit Corporation Act, hereby certifies:

ARTICLE 1

Name

1.1 The name of the corporation shall be: Aldasoro Ranch Homeowners Company (hereinafter called the Homeowners Company).

ARTICLE 2

Term of Existence

2.1 The corporation shall have "perpetual existence."

ARTICLE 3

Definitions

3.1 Affirmative Vote of a Majority of the Members: The Affirmative Vote of a Majority of the Members shall be achieved on any particular matter if (and only if) greater than 75% of the members vote in favor of the matter.

3.2 Aldasoro Ranch: The Aldasoro Ranch shall mean all of the real property subjected from time to time to the covenants and provisions of the Declaration.

3.3 Declarant: Declarant shall mean Aldasoro LTD., a Colorado limited partnership.

3.4 The Declaration: The Declaration shall mean the General Declaration for The Aldasoro Ranch filed by Declarant in the real property records of the Clerk and Recorder of San Miguel County, Colorado, and all Amendments and Supplements thereto recorded in the real property records of the Clerk and Recorder of San Miguel County, Colorado.

3.5 Facilities: Facilities shall mean all the real or personal property owned or leased by the Homeowners Company or otherwise held or used by the Homeowners Company, or under the Homeowners Company's management or control by, through or under contractual arrangements, licenses or other arrangements, including Property Furnished by Declarant, real property or interest therein, improvements on real property, and personal property and equipment.

3.6 Function: Function shall mean any activity, function or service required under this Declaration to be undertaken or performed by the Homeowners Company as well as any activity, function or service otherwise undertaken or performed by the Homeowners Company.

3.7 Owner: Owner shall mean the person or persons, entity or entities, who own of record, according to the real property records of San Miguel County, Colorado, fee simple title to a Site. Each Owner shall be the holder or holders of a Regular Membership in the Homeowners Company, as set forth below, which is appurtenant to ownership of such Site. The term Owner shall include Declarant to the extent it is the owner of fee simple title to a Site.

3.8 Site: Site shall mean each parcel of real property, together with all improvements thereon, within The Aldasoro Ranch the fee simple interest of which may be conveyed in its entirety to a third party without violating the subdivision regulations of San Miguel County, Colorado, as in effect from time to time. Condominium unit as that term is defined in the Condominium Ownership Act of the state of Colorado shall be considered a site. Notwithstanding the foregoing, a parcel of property owned in its entirety by the Homeowners Company shall not be considered a site. A site may not be further subdivided and it may only be used for the constructing of one Dwelling Unit. San Miguel County, one accessory dwelling unit not exceeding 800 square feet may be incorporated into the main dwelling unit constructed on the Site; the accessory dwelling unit may not be constructed in a structure which is detached from the main dwelling unit constructed on the Site. Site shall not include the open space tracts owned by either the Homeowners Company or the Declarant.

## ARTICLE 4

### Purpose and Powers

4.1 Purposes: To promote the health, safety and welfare of all members of the Homeowners Company, to establish, provide and maintain a desirable community and environment for all Owners and guests and to protect and preserve the property, property values and property rights in The Aldasoro Ranch.

4.2 Powers: In furtherance of the foregoing purposes, but not otherwise, the Homeowners Company shall have and may exercise, but shall have no duty to exercise, all of the following powers:

4.2.1 Real and Personal Property: To acquire, by gift, purchase, lease, trade or any other method, own, operate, build, manage, maintain, rent, sell, develop, encumber, and otherwise deal in and with real or personal property of every kind and character, tangible and intangible, wherever located and interests of every sort therein.

4.2.2 Services: To (a) own, lease, acquire, build, operate, and maintain any Facilities; (b) own, lease, acquire, build, operate, manage and maintain any utility systems, including but not limited to water, sanitary sewer, storm sewer, electrical, natural gas, telephone and communication systems; (c) provide solid waste collection; (d) maintain undeveloped lands; (e) provide a cable television system; (f) provide parking; (g) provide control over vehicular access to The Aldasoro Ranch; (h) provide pet control; (i) provide property maintenance services for any Site or improvement thereon; (j) provide design review and inspection services; (k) provide any service and perform all actions contemplated or permitted by the Declaration; (l) provide any service and perform all actions necessary to promote the general health, safety and welfare of persons within The Aldasoro Ranch and to protect and preserve property, property values and property rights; and (m) perform any Function.

4.2.3 Taxes: To pay taxes.

4.2.4 Covenant Enforcement: To enforce any and all covenants, restrictions, agreements, or rules and regulations applicable to The Aldasoro Ranch in any manner provided by the laws of Colorado, the Declaration or these Articles of Incorporation or the Bylaws as from time to time are in force and effect.

4.2.5 Borrowing: To borrow funds or raise moneys for any of the purposes of the Homeowners Company 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 Homeowners Company, real, personal or mixed, including contract rights, whether at the time owned or hereafter acquired. Without limiting the generality of the foregoing, the Homeowners Company may from time to time borrow funds from Declarant or any affiliate thereof.

4.2.6 Contracts: To enter into, make, amend, perform and carry out, or cancel and rescind, contracts, leases, permits management agreements, and other agreements for any lawful purposes pertaining to its business.

4.2.7 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 Homeowners Company, the extent that such guaranty is made in pursuance of the purposes herein set forth.

4.2.8 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.

4.2.9 Assessments: To levy assessments and special assessments against the members of the Homeowners Company as specifically set forth in its Bylaws and the Declaration as from time to time are in force and effect; to charge interest on unpaid assessments; to collect all assessments, charges, fees, fines, liquidated damages, penalties and interest in accordance with the Declaration and the Homeowners Company's Bylaws as from time to time are in force and effect; and to create, enforce and foreclose liens given as security for such assessments, charges, fees, fines, penalties, liquidated damages and interest.

4.2.10 General Powers: To do everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objectives, 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.

4.2.11 Rule Making: To make and enforce rules and regulations applicable within The Aldasoro Ranch for the accomplishment of any of the purposes or to further any of the powers set forth above, and to amend such rules and regulations.

4.2.12 Powers Conferred by Law: The foregoing enumeration of specific powers shall not limit or restrict in any manner the general powers of the Homeowners Company and the enjoyment and exercise thereof as now or hereafter conferred by the laws of Colorado.

4.3 Dividends, Distributions, Etc.: The Homeowners Company shall not pay any dividends. No distribution of the corporate assets to members (as such) shall be made. Upon dissolution of the Homeowners Company, the assets shall be distributed as provided in Article XII herein.

#### ARTICLE 5

##### Registered Agent and Registered Office

5.1 The initial registered office of the corporation shall be 360 S. Pine, Unit 9A, Telluride Colorado 81435, and the registered agent there at shall be John J. Horn.

#### ARTICLE 6

##### Membership and Voting

6.1 Membership: There shall be one regular membership in the Homeowners Company attributable to the fee simple title of each Site. Each such regular membership shall be appurtenant to the fee simple title to such site. The Owner of a Site shall automatically be the holder of the regular membership appurtenant to that site and title to and ownership of the regular membership for that site shall automatically pass with fee simple title to the site. Each Owner of a Site shall automatically be entitled to the benefits and subject to the burdens relating to the regular membership for its Site; membership is mandatory. If fee simple title to a Site is held by more than one person or entity, the regular membership appurtenant to that site shall be shared by all such persons or entities in the same proportionate interest and by the same type of ownership as fee simple title to the site is held.

#### ARTICLE 7

##### Board of Directors

7.1 The control and management of the affairs of the Homeowners Company and the disposition of its funds and property shall be vested in a board of directors consisting of 5 directors. Until such time that Certificates of Occupancy have been issued for the main dwelling unit on eighty-four (84) of the lots in The Aldasoro Ranch, 3 of the 5 members of the board of directors shall be appointed by Declarant. The initial board of directors shall hold office until the election or appointment of their successors at the first annual meeting. At such first annual meeting and all subsequent annual meetings, the members of the Homeowners Company shall elect these 2 directors each for a term of 3 years. After the time that Certificates of Occupancy have been issued for the main dwelling unit on eighty-four (84) of the lots in The Aldasoro Ranch, all members of the board of directors shall be elected in the manner set forth in the preceding sentence. Two of the five members shall serve terms which are staggered from the terms of the other three members by two years. A person does not have to be an Owner to serve

on the board of directors. At any time, the Declarant, in its sole discretion, may waive its rights under this Article 7.

7.2 The names and addresses of those persons comprising the first board of directors, to serve until their successors shall be duly elected, are as follows:

Albert J. Aldasoro	13111 59.50 Road Montrose, CO 81401
Pam Story	P.O. Box 1744 Telluride, CO 81435
Louise Leonard	P.O. Box 700 Telluride, CO 81435
John J. Horn	P.O. Box 482 Telluride, CO 81435
Dirk A. dePagter	P.O. Box 832 Telluride, CO 81435

7.3 The manner of selection or election of the board of directors at the annual meeting shall be determined according to the bylaws from time to time in force and effect. Cumulative voting shall not be allowed in the election of directors or for any other purpose.

7.4 The board of directors may, by resolution approved by a majority of the entire board of directors, designate no less than three of their number to constitute an executive committee which shall have and exercise all of the power of the board of directors in the management of the business and affairs of the Homeowners Company or such lessor 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.

7.5 This Article VII may be amended only by the Affirmative Vote of a Majority of the Members.

#### ARTICLE 8 Incorporator

8.1 The name and address of the Incorporator is:

John J. Horn  
Box 482  
Telluride, CO 81435

#### ARTICLE 9 Officers

9.1 The Homeowners Company shall have a president, one or more vice presidents, a secretary, one or more assistant secretaries; a treasurer, one or more assistant treasurers and such other officers as may from time to time be prescribed in the Bylaws. The terms of office and the manner of designation or selection of the officers shall also be determined by the Bylaws from time to time are in effect.

## ARTICLE 10

### Execution of Instruments

10.1 Authority to convey or encumber the property of the Homeowners Company and to execute any deed, contract or other instrument on behalf of the Homeowners Company 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) shall be executed by the president or a vice president and any other officer of the Homeowners Company.

## ARTICLE 11

### Management of Business

11.1 The following provisions are inserted for the management of the business and for the conduct of the affairs of the Homeowners Company, and are in furtherance of and not in limitation or exclusion of the powers granted by law:

11.1.1 Contracts with Directors, Officers or Members: No contract or other transaction of the Homeowners Company with any other person, firm or corporation shall be affected or invalidated by (i) 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 Homeowners Company is hereby relieved from any liability that might otherwise arise by reason of his contracting with the Homeowners Company for the benefit of himself or any firm or corporation in which he may be in anywise interested.

11.1.2 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 or such officer or officers designated by the board of directors.

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

11.1.4 Indemnity: Each director or officer, whether or not then in office, and each person who may have served at the request of the Homeowners Company as a director or officer of another corporation in which it owns capital stock or of which it is a creditor, and his personal representatives and assigns, shall be indemnified by the Homeowners Company 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 a reasonable settlement made with a view to 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 misconduct or gross negligence in the performance of duty to the Homeowners Company, and the foregoing right of indemnification shall not be exclusive of other rights to which he may be entitled as a matter of law.

11.1.5 Liability Insurance: The Homeowners Company may insure its officers, employees and directors against certain losses which such persons may incur because of their acts or omissions as officers or directors, including, but not limited to, losses resulting from judgments, settlements and costs of litigation. Such insurance shall be limited to reasonable amounts of coverage for such officers, employees and directors

## ARTICLE 12

### Dissolution

12.1 The Homeowners Company may be dissolved only by the Affirmative Vote of a Majority of the members. Written notice of A proposal to dissolve, setting forth the reasons therefore and the disposition to be made of the assets, as set forth below, shall be mailed to every member at least 90 days in advance of any action taken. Upon dissolution of the Homeowners Company, the assets, both real and personal, of the corporation, shall be dedicated to an appropriate public agency or agencies or utility or utilities to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Homeowners Company. In the event that such dedication is not accepted, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Homeowners Company. No such disposition of Homeowners Company properties shall be effective to divest or diminish any right or title of any member vested in him under the recorded covenants and deeds applicable to The Aldasoro Ranch unless made in accordance with the of such covenants and deeds. Nothing to the contrary withstanding, until such time that Certificate of Occupancy have been issued for the main dwelling unit on eighty-four (84) of the lots in The Aldasoro Ranch, the Homeowner Company may not be dissolved without the written approval of a majority of the members of the Homeowners Board of Directors.

