

NONPROFIT

ARTICLES OF INCORPORATION
WATER VALLEY MASTER ASSOCIATION, INC.
a nonprofit Corporation

The undersigned, being a natural person of the age of eighteen years or more, acting as incorporator of a nonprofit corporation under C.R.S. §7-21-101, states as follows:

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SECRETARY OF STATE
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ARTICLE I. Name

The name of this corporation is WATER VALLEY MASTER ASSOCIATION, INC. (sometimes referred to as the "Corporation").

ARTICLE II. Terms

All capitalized terms shall have the meaning set forth in the Colorado Common Interest Ownership Act, C.R.S. §§38-33.3-101, *et seq.*, as amended (the "Act").

ARTICLE III. Purpose

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

(a) To operate the Common Interest Community known as Water Valley, located in the municipality of Windsor, Colorado, in accordance with the requirements for an association of Unit Owners charged with the administration of Property under the Act, including, without limiting the generality of the foregoing statement, the performance of the following acts and services as a nonprofit corporation organized pursuant to the Colorado Nonprofit Corporation Act:

(i) The acquisition, construction, management, supervision, care, operation, maintenance, renewal and protection of all buildings, structures, grounds, roadways and other facilities, installations and appurtenances thereto relating to the Common Elements within the Common Interest Community. In furtherance of this purpose and power, at its election, the Corporation may also 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) The enforcement of any and all covenants, restrictions and agreements applicable to the Common Interest Community, including but not limited to, those set forth in, or prescribed by, the Master Declaration of Covenants, Conditions and Restrictions for Water Valley, as the same may be amended from time to time (the "Declaration").

(iii) The preparation of 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 (iii); the apportionment of these estimated costs and expenses among the Unit Owners; and

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collection of these costs and expenses from the Unit Owners obligated to assume or bear the same; and the borrowing of money for the Corporation'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.

(iv) Enforcing, 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 enforce compliance with these rules, including the levy of fines.

(v) Performing, or causing to be performed, all other and 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 establish, enforce, and, from time to time, to amend as the Executive Board deems necessary or desirable, development guidelines, policies and procedures, application and review procedures and fees, and all design guidelines and architectural controls which shall apply to the installation, repair, placement, replacement, and construction of any improvement upon real or personal property within the Common Interest Community.

(c) To retain legal 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.

(d) 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.

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

(f) 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 under the Act, the Declaration, the Bylaws of the Corporation, and the State of Colorado.

(g) 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 nonprofit corporation organized pursuant to the Colorado Nonprofit Corporation Act, as the same may be amended from time to time.

The foregoing statements of purpose shall be construed as statements of both purposes and powers. 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 Corporation 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 Corporation.

ARTICLE IV. Duration

The duration of the Corporation shall be perpetual.

ARTICLE V. Nonprofit

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

ARTICLE VI. Qualification of Members, Classes

The authorized number and qualifications of members of the Corporation, the different classes of membership, if any, the property, 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 as set forth in the Bylaws of the Corporation and the Declaration.

ARTICLE VII. Corporate Office

The initial registered office of the Corporation shall be: 8055 East Tufts Parkway, Suite 1150, Denver, Colorado 80237.

ARTICLE VIII. Agent for Service

The initial registered agent of the Corporation shall be: Gary R. White, whose mailing address is 8055 East Tufts Parkway, Suite 1150, Denver, Colorado 80237.

ARTICLE IX. Executive Board

The initial Executive Board shall consist of three persons, and this number may be changed by a duly adopted amendment to the Bylaws of the Corporation, 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 elected and qualified are as follows:

Martin R. Lind	8200 Eastman Park Drive Windsor, Colorado 80550
Stephen R. Watson	8200 Eastman Park Drive Windsor, Colorado 80550
Todd R. Bruteig	8200 Eastman Park Drive Windsor, Colorado 80550

ARTICLE X. Incorporator

The name and address of the incorporator is as follows:

Lynn S. Jordan
1099 18th Street, Suite 2750
Denver, Colorado 80202

ARTICLE XI. Amendment

Amendment of these Articles shall require the assent of at least two thirds of the Executive Board.

ARTICLE XII. Indemnification

The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, who is or was serving at the request of the Corporation in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was unlawful.

The Corporation shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believed to be in the best interests of the Corporation; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty in the Corporation unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

To the extent that a director, manager, officer, project manager, employee, fiduciary or agent of the Corporation has been wholly successful on the merits in defense of any action, suit or proceeding referred to in paragraphs 1 or 2 of this Article XIV, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred him or her in connection therewith.

Any indemnification under paragraphs 1 or 2 of this Article XIV (unless ordered by a court) and as distinguished from paragraph 3 of this Article XIV, shall be made by the Corporation only as authorized by the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such individual has met the applicable standard of conduct set forth in paragraphs 1 or 2 above. Such determination shall be made by the Board of Directors by majority vote of a quorum consisting of those members of the Board who were not parties to such action, suit or proceeding or, if such a quorum is not obtainable or, even if obtainable, if a quorum of disinterested members of the Board of Directors so directs, by independent legal counsel and a written opinion or by members entitled to vote thereon.

The Corporation shall pay for or reimburse the reasonable expenses incurred by a former or current director or officer who is a party to a proceeding in advance of final disposition of the proceeding if the director or officer furnishes to the Corporation a written affirmation of the director's good faith belief that he or she has met the standard of conduct described in paragraphs 1 or 2 of this Article XIV, the director or officer furnishes to the Corporation a written understanding, executed personally or on the director's or officer's behalf to repay the advance if it is ultimately determined that the director or officer did not meet the standard of conduct and a determination is made that the facts then known to those making the determination would not preclude indemnification under this article. The undertaking required in this paragraph shall be an unlimited general obligation of the director or officer but need not be selected and may be accepted without reference to financial ability to make repayment.

The indemnification provided by this Article XIV shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the members or disinterested members of the Board of Directors, or otherwise, nor by any rights which are granted pursuant to C.R.S. §§38-33.3-101, *et seq.*, and the Colorado Nonprofit Corporation Act.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a member of the Board of Directors or an officer of the Corporation against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such individual against such liability under provisions of this Article XIV.

ARTICLE XIII. Dissolution

In the event of the dissolution of the Corporation, either voluntarily or involuntarily, the Corporation shall be dissolved and assets distributed in accordance with C.R.S. § 38-33.3-101, *et seq.*

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation this 11th day of August, 1995.

Lynn S. Jordan

STATE OF COLORADO)
) ss.

City COUNTY OF Denver

The foregoing document was subscribed and sworn to before me this 11th day of August, 1995 by Lynn S. Jordan.

Witness my hand and official seal.

My commission expires: 3-27-99

Donna M. Finer
Notary Public