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ARTICLES OF INCORPORATION
OF

STONEGATE VILLAGE OWNERS ASSOCIATION, INC.

In compliance with the requirements of the Colorado Nonprofit Corporation Act, cited as Articles 20 to 29, inclusive, of Title VII, Colorado Revised Statutes 1973, the undersigned have and hereby acknowledge their intent to form a nonprofit corporation under and by virtue of said statute. Defined terms used herein shall have the same meaning as they do in the Declaration, defined hereafter.

ARTICLE I

NAME

The name of the corporation is Stonegate Village Owners Association, Inc. (referred to herein as the "Association").

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Association is located in Arapahoe County, Colorado, at 7315 East Orchard Road, Suite 400, Englewood, Colorado 80111.

ARTICLE III

REGISTERED AGENT AND OFFICE

James L. Cunningham, whose ^{registered} address is 633 17th Street, Suite 2900, Denver, Colorado 80202, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSE OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and

COMPUTER UPDATE COMPLETE

architectural control of the Residential Units and Common Area within that certain tract of property (the "Property") described in Exhibit A of the Declaration of Covenants, Conditions, and Restrictions for Stonegate Village Owners Association to be recorded in the records of the Clerk and Recorder of Douglas County, Colorado, as it may be amended from time to time, (the "Declaration"), and to promote the health, safety, and welfare of the residents of the Property and any additions to the Property as may hereafter be brought within the jurisdiction of this Association.

ARTICLE V

POWERS OF THE ASSOCIATION

In furtherance of its purposes, the corporation shall have the powers to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration or its By-Laws;
- (b) fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;
- (c) 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 real or personal property in connection with the affairs of the Association, subject to all restrictions imposed by the Declaration and By-Laws;
- (d) borrow money for the purpose of repair or restoration of the Common Area without the approval of the members of the Association; provided, however, that the Board shall obtain membership approval in the same manner as provided in Article IX, Section 2, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five percent of the budgeted gross expenses of the Association for that fiscal year;
- (e) dedicate, sell or transfer all or any part of the real or personal property owned by the Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members; provided that such dedication or transfer shall not be effective unless an instrument

has been signed by Owners representing at least 67 percent of the votes of each class of members, agreeing to such dedication, sale or transfer (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area of Stonegate Village shall not be deemed a transfer within the meaning of this clause);

(f) participate in mergers and consolidations with other nonprofit corporations organized for similar purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation (except any annexation involving the property described in Exhibit B of the Declaration, as provided in Article VII of the Declaration) shall have the assent of at least 67 percent of the votes of each class of members;

(g) enforce covenants, restrictions, or conditions affecting the Property to the extent the Association may be authorized under any such covenants, restrictions, or conditions, and make and enforce rules and regulations pertaining to the use of the Common Area and the conduct of members, their licensees, guests, and invitees while on or in the Property;

(h) enter into, make, perform, or enforce contracts of every kind and description, and do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any person, firm, association, corporation, or other entity or agency, public or private;

(i) adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association, provided, however, that such By-Laws may not be inconsistent with or contrary to any provisions of the Declaration or these Articles of Incorporation; and

(j) have and exercise any and all powers, rights and privileges which a corporation organized under the Colorado Nonprofit Corporation Act by law may now or hereafter have or exercise.

ARTICLE VI

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Residential Unit which is subject by covenants of record to assessment by the Association, including a purchaser under an installment land contract, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be

separated from ownership of any Residential Unit which is subject to assessment by the Association.

Transfer of membership in the Association, including all rights of an Owner with respect to the Common Area, shall occur automatically upon the transfer of title to the Residential Unit to which the membership pertains. The Association may suspend the voting rights of a member for failure to comply with rules and regulations or the By-Laws of the Association or with any other obligations of the Owners of a Residential 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 the Association.

ARTICLE VII

CLASSES OF MEMBERSHIP AND VOTING RIGHTS

No Owner, whether one or more persons, shall have more than one membership per Residential Unit owned. In the event the Owner of a Residential Unit is more than one person or entity, votes and rights of use and enjoyment shall be as provided in the Declaration. The rights and privileges of membership, including the right to vote, may be exercised by a member or the member's spouse, but in no event shall more than one vote for each class of membership applicable to a particular Residential Unit be cast for each Residential Unit.

The Association shall have two classes of membership, Class "A" and Class "B", as follows:

(a) Class "A". Class "A" members shall be all Owners with the exception of the Class "B" members, if any.

Class "A" Members shall be entitled on all issues to one vote for each Residential Unit in which they hold the interest required for membership as provided above; there shall be only one vote per unit; provided, however, votes for Residential Units within an apartment building or which constitute apartments shall be cast as follows: on economic issues and assessments, the votes shall be cast by the Owner; on Board elections and issues concerning the use and enjoyment of the Common Area, the votes shall be cast by the tenants residing in the Residential Units. When more than one person or entity holds such interest in any Residential Unit, the vote for such Residential Unit shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Residential Unit's vote shall be suspended in the event more than one person or entity seeks to exercise it.

Any Owner of Residential Units which are leased may, in the lease or other written instrument, assign the voting right appurtenant to that Residential Unit to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting.

(b) Class "B". Class "B" members shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale and who is designated as such in a recorded instrument. The Class "B" members shall originally be entitled to 2,500 votes; this number shall be decreased by one vote for each Class "A" member existing at any one time. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

(i) when the total outstanding Class "A" votes equal or exceed 1,667;

(ii) January 1, 2000; or

(iii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class "B" members shall be deemed to be Class "A" members entitled to one vote for each Residential Unit in which it holds the interest required for membership. At such time, the Declarant shall call a meeting, as provided in the By-Laws of the Association for special meetings, to advise the membership of the termination of Class "B" status.

ARTICLE VIII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three nor more than nine Directors, who shall be members of the Association. The exact number of Directors shall be as set forth in the By-Laws. Notwithstanding the foregoing, the initial number of Directors selected by the Declarant shall be seven, and they need not be members of the Association. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
Murt F. Wolter	7315 East Orchard Road Suite 400 Englewood, Colorado 80111

Joseph L. Huddleson	7315 East Orchard Road Suite 400 Englewood, Colorado 80111
Roger E. Pelissier	7315 East Orchard Road Suite 400 Englewood, Colorado 80111
John B. Kempfer	7315 East Orchard Road Suite 400 Englewood, Colorado 80111
Steve A. Sabeff	7315 East Orchard Road Suite 400 Englewood, Colorado 80111
Gerald E. Lawson	7315 East Orchard Road Suite 400 Englewood, Colorado 80111
Andrew M. Bauman	7315 East Orchard Road Suite 400 Englewood, Colorado 80111

Election of Directors and their terms of office shall be as set out in more detail in the By-Laws. Directors may be removed and vacancies on the Board may be filled as provided in the By-Laws.

ARTICLE IX

GENERAL

Owners of Residential Units may be authorized in the By-Laws of the Association to vote by proxy on any matters on which such Owners are entitled to vote.

Cumulative voting by Owners in the election of Directors of the Association shall not be permitted.

The Association shall have the power to make and alter By-Laws not inconsistent with these Articles of Incorporation, the laws of the State of Colorado or the Declaration, for the administration and regulation of the affairs of the Association. The initial By-Laws of the Association shall be adopted by the Board of Directors. The Owners shall have the power to alter, amend or repeal the By-Laws or adopt new By-Laws, as more fully set forth in the By-Laws, subject to provisions in the Declaration for approval of amendments by the FHA or the VA and/or by First Mortgagees.

ARTICLE X

OFFICERS

The Board of Directors shall elect a President, a Vice-President, a Secretary, and a Treasurer. The Board may additionally elect such other officers as the Board believes will be in the best interests of the Association. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to the By-Laws. The President must be a member of the Board of Directors. The term of office, duties, and method of removal of officers shall be as prescribed in the By-Laws.

ARTICLE XI

MERGER, CONSOLIDATION, OR DISSOLUTION

The Association may be merged or consolidated in the manner provided in Article 25 of Title VII of the Colorado Nonprofit Corporation Act, or may be dissolved in the manner provided in Article 26 of Title VII of said Act. In order for the question of merger, consolidation, or dissolution of the Association (when such question is duly presented in accordance with the statutory requirements at an annual or special meeting) to be approved, such merger, consolidation, or dissolution shall require assent by 67 percent of the votes of the members of each class. Voting by mail on the question of merger, consolidation, or dissolution is hereby permitted. In the event of the dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public or governmental agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XII

DURATION

The corporation shall exist perpetually.

ARTICLE XIII

AMENDMENTS

Amendment of these Articles shall require assent by 67 percent of the votes of both classes of membership; provided, however, that no amendment to these Articles shall be contrary to or inconsistent with any provision of the Declaration.

ARTICLE XIV

CONFLICTS BETWEEN DOCUMENTS

Except as to a change in the number of Directors made by amendment to the By-Laws, whenever a provision of the Articles of Incorporation is inconsistent with a By-Law, the provision of the Articles of Incorporation shall be controlling.

ARTICLE XV

FHA/VA APPROVAL

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration, if applicable: annexation of additional properties except as provided in Article VII of the Declaration; merger, dissolution, and consolidation of the Association; dedication, conveyance, or mortgaging of Common Area, and amendment of these Articles or the Declaration.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Colorado, the undersigned, constituted the incorporator of this Association, has executed these Articles of Incorporation this 14th day of January, 1985.

Rebecca L. Wilcox
Rebecca L. Wilcox

Incorporator's Address:

Sherman & Howard
2900 First Interstate Tower
North
633 Seventeenth Street
Denver, Colorado 80202