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DEPARTMENT OF STATE
STATE OF COLORADO

ARTICLES OF INCORPORATION
OF
POLO RUN RECREATION ASSOCIATION, INC.

In compliance with the requirements of the Colorado Non-profit Corporation Act, Section 7-20-101 through 7-29-106, C.R.S. 1973, as amended, the undersigned, of full age, has this day, for the purpose of forming a nonprofit corporation, certified a follows:

ARTICLE I

NAME

The name of the corporation is POLO RUN RECREATION ASSOCIATION, INC., hereafter called the "Association."

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Association is located at 55 Madison Street, Suite 800, Denve , Colorado 80206.

ARTICLE III

REGISTERED AGENT

Bill Diesendorfer, whose address is c/o Management Specialists, 8670 Wolff Court, Suite 150, Westminster, Colorado 80030, is hereby appointed the initial registered agent of this Association, and such address shall be the registered address of this Association.

ARTICLE IV

PURPOSE AND POWERS 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 the operation, repair, maintenance, preservation, and architectural control of the Recreational Property, within that certain tract of property described on Exhibit A attached hereto and incorporated herein by this reference and in Exhibit "B" to the Declaration (hereinafter called the "Property") and to promote the health, safety and welfare of the residents at Polo Run who are members of the Association and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

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(a) exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions, and Restrictions of Polo Run Recreation Association, Inc., hereinafter called the "Declaration," applicable to the Property, and recorded or to be recorded in the office of the Clerk and Recorder of the County of Arapahoe, Colorado, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length (terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined herein);

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; 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, provided that no conveyance, sale, transfer, or dedication shall be effective unless approved by two-thirds (2/3) of each class of Members, as hereinafter described;

(d) borrow money, and with the assent of two-thirds (2/3) of each class of Members, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell, or transfer all or any part of the Recreational Property to any public agency, city, or utility for such purposes and subject to such conditions as may be agreed to by the Members, and grant permits, licenses and easements over the Recreational Property for public utility roads and/or other purposes reasonably necessary or useful for the proper maintenance or operation of the Property or the Association, provided that no such dedication, sale or transfer shall be effective unless first approved by two-thirds (2/3) of each class of Members, and provided further that the granting of permits, licenses and easements as provided herein shall not be deemed a transfer within the meaning of this subsection (e);

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Recreational Property, subject to the prior written approval of the Federal Housing Administration of the U.S. Department of Housing and Urban

Development or the Veterans Administration while there is a Class B membership, provided that any merger or consolidation shall have the assent of two-thirds (2/3) of each class of Members;

(g) own, manage, control, operate, maintain, repair and improve the Recreational Property;

(h) enforce covenants, restrictions, and conditions affecting the Recreational Property or any portion thereof to the extent this corporation may be authorized under the Declaration;

(i) engage in activities which will active, foster, promote, and advance the common ownership interests of Owners;

(j) 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 this Association with or in association with any person, firm, association, corporation, or other entity or agency, public or private;

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

(l) 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 V

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is now or hereafter subject to assessment as provided in the Declaration, including contract sellers, 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 Lot which is subject to assessment by the Association.

A transfer of membership, including all rights of an Owner with respect to the Recreational Property shall occur auto-

matically upon the transfer of title to the Lot to which the membership pertains. The Association may suspend the voting rights and the right to use any recreational facilities within the Recreational Property of a Member for a period not to exceed sixty (60) days for any infraction of published rules and regulations of the Association, or for any period during which any assessment against such Owner's Lot remains unpaid. All Members shall be entitled to vote on all matters, except any Members who are in default in any obligations to the Association. Cumulative voting is prohibited.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership;

Class A. Class A Members shall be all Owners of Lots, with the exception of Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any such Lot.

Class B. The Class B Members shall be Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot which it owns, which is neither leased, nor rented, nor otherwise residentially occupied. Leasing, renting or allowing entry for residential occupancy shall terminate Declarant's weighted voting advantage in relation to any Lot so leased, rented, or residentially occupied, and shall limit Declarant in relation to any such Lots to the same voting rights as a Class A Member, whichever is appropriate. The Class B membership shall cease and be converted to Class A membership, on the happening of either of the following events, whichever occurs earlier;

(a) upon that date when 76% of the Lots owned by Declarant as shown on Exhibit A to the Declaration have been sold and conveyed to the first owners thereof other than Declarant;

(b) ten (10) years from the date upon which the Declaration is recorded in the office of the Clerk and Recorder of Arapahoe County, Colorado; or

(c) on a date certain set forth in a written notice from Declarant stating its intent to terminate its Class B voting rights as of such date.

Reservation. Notwithstanding the voting provisions above, the Declarant has reserved, until the termination of the Class B membership, the right to appoint the members of the Board of Directors of the Association.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of three (3) directors. Directors shall be Members which, in the case of Declarant, shall include its officers, directors and employees and in the case of corporate Members may include the officers and directors of each such corporate Members. The number of Directors may be changed by amendment of the Bylaws 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>
David A. Mandarich	55 Madison Street, Suite 800, Denver, Colorado 80206
Gary L. Mandarich	55 Madison Street, Suite 800, Denver, Colorado 80206
Ronald S. Morgan	55 Madison Street, Suite 800, Denver, Colorado 80206

At the first annual meeting of the Association the Members shall elect one director for a one-year term, one director for a two-year term, and one director for a three-year term and at each annual meeting thereafter the Members shall elect the same number of directors as there are directors whose terms are expiring at the time of each election, for terms of three years.

ARTICLE VIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public 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 IX

OFFICERS

The Board of Directors may appoint a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board, in accordance with the provisions of the Bylaws, believes will be in the best interests of the Association. The officers shall have such duties as may be prescribed in the Bylaws of the corporation and shall serve at the pleasure of the Board of Directors.

ARTICLE X

DURATION

The corporation shall exist perpetually.

ARTICLE XI

AMENDMENTS

Subject to the provisions of Article VIII, Section 1 of the Declaration, amendment of these Articles shall require the assent of two-thirds (2/3) of a quorum of each class of Members voting in person or by proxy at an annual or special meeting; provided, however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with any provision of the Declaration.

ARTICLE XII

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 of the U.S. Department of Housing and Urban Development or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Recreational Property, dedication of Recreational Property, dissolution and amendment of these Articles.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Colorado, the undersigned, the incorporator of this Association has executed these Articles of Incorporation this 16th day of December, 1987.

James B Mallon
James Bradley Mallon

ADDRESS OF INCORPORATOR:

7887 East Belleview Avenue
Suite 700
Englewood, Colorado 80111

STATE OF COLORADO)
)ss
City and County of Denver)

The foregoing instrument was acknowledged before me this 16th day of December, 1987 by James Bradley Mallon.

Witness my hand and official seal.

My commission expires: April 2, 1990

Janet H. Wilson
Notary Public

My Commission expires April 2, 1990
Janet H. Wilson
* 7887 East Belleview, Suite 700
Englewood, Colorado 80111

EXHIBIT "A"
TO
ARTICLES OF INCORPORATION
OF
POLO RUN RECREATION ASSOCIATION, INC.

Legal Description of Recreational Property:

Lots 8 and 9, Block 3
The Highlands 460 Amended Filing No. 6
according to the recorded plat thereof
County of Arapahoe
State of Colorado