

**ARTICLES OF INCORPORATION
OF
TERRACE CONDOMINIUMS HOMEOWNERS 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. § 7-121-101 et. seq. (Colorado Revised Nonprofit Corporation Act), states as follows:

**ARTICLE I
NAME**

The name of the corporation shall be Terrace Condominiums Homeowners Association, Inc.

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**ARTICLE II
TERM OF EXISTENCE**

The corporation shall have perpetual existence.

**ARTICLE III
PRINCIPAL PLACE OF BUSINESS**

The principal place of business of the Corporation shall be 1732 Wazee Street, Suite 206, Denver, Colorado 80202.

**ARTICLE IV
REGISTERED OFFICE AND AGENT**

The address of the initial registered agent of the Corporation is 1732 Wazee Street, Suite 206, Denver, Colorado 80202, and the name of its initial registered agent at such address is H. Jay Harkins.

**ARTICLE V
INCORPORATOR**

The name and address of the incorporator is:

Fredric J. Lewis
Senn Lewis & Visciano, P.C.
1801 California Street, Suite 4300
Denver, Colorado 80202

ARTICLE VI MEMBERSHIP AND VOTING

6.1 Members. Any individual, corporation, partnership, association, trust or other legal entity or combination of entities owning an undivided fee simple interest in a Unit shall automatically be a member of the Association. Such membership shall be continuous throughout the period that such ownership continues. A membership shall terminate automatically without any Association action whenever such individual, organization or group ceases to own a Unit. Termination of membership shall not relieve or release any former member from any liability or obligation incurred by virtue of or in any way connected with ownership of a Unit, or impair any rights or remedies which the Association or others may have against such former member arising out of or in any way connected with such ownership or membership.

6.2 Categories of Membership. The Association shall have the following categories of membership:

(a) Individual Membership. Any individual acquiring an interest in a Unit shall automatically become an individual member of the Association.

(b) Organizational Membership. Any corporation, partnership, association, trust or other legal entity acquiring an interest in a Unit shall automatically become an organizational member of the Association. Each organizational member shall from time to time designate one or more individuals who may represent it at meetings and vote on behalf of such member. The secretary of the Association shall maintain a list of the persons entitled to vote on behalf of such member and, until the Association is notified to the contrary, any action taken by such persons purporting to act on behalf of the organizational member shall be binding on such member.

(c) Declarant Membership. The Declarant (as defined in the Declaration) shall be a member of the Association as long as it owns an interest in any Unit.

6.3 Voting Rights. The Association shall have one class of voting membership. The total number of votes shall be equal to the total number of Units existing within the Premises. Members shall be entitled to one vote for each Unit. The vote for any Unit, the ownership of which is held by more than one member, may be exercised by any one of them, unless an objection or protest by any other holder of an interest in the Unit is made prior to the completion of the vote, in which case the vote for such Unit shall be exercised as the members holding interests in the Unit shall determine between themselves. Should the joint owners of a Unit be unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed

over and their right to vote on such issue shall be lost. The total number of votes that may be cast in connection with any matter shall be equal to the total number of Units existing within the Premises.

6.4 Amendment. This Article V may be amended only by the unanimous vote of all the members.

ARTICLE VII BOARD OF DIRECTORS

7.1 Vesting of Control, Number and Election. The control and management of the affairs of the Association and the disposition of its funds and property shall be vested in a board of directors. The board of directors is also referred to as the "executive board" of the Association in the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101 et seq. The number of directors (which may not be less than three), their terms of office and the manner of their selection or election shall be determined according to the bylaws from time to time in effect. Cumulative voting shall not be allowed in the election of directors or for any other purpose. The names and addresses of those comprising the first board of directors; to serve until their successors shall be duly elected, are as follows:

H. Jay Harkins	1732 Wazee Street, Suite 206 Denver, Colorado 80202
Laurence G. Ruben	3016 Maryland Avenue Columbia, OH 43209-1591
Ty Searl	P.O. Box 1067 Silverthorne, CO 80498

7.2 Executive Committee. The board of directors may by resolution designate two or more 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 Association or such lesser 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.

ARTICLE VIII PURPOSES AND POWERS

8.1 Purposes. The objects and purposes of the corporation shall be: (a) to provide for the care, upkeep and supervision of Terrace Condominiums in the City of Glenwood Springs, Garfield County, Colorado (the "Premises"), as further described in the Condominium Declaration For Terrace Condominiums to be recorded in the real property records of Garfield County,

Colorado and all amended and supplemental declarations filed from time to time (the "Declaration"), including the Common Elements (as defined in the Declaration) and all recreational facilities maintained thereon from time to time (if any); (b) to regulate and control the relationships between the owners (the "Owners") of the condominium units ("Units") on the Premises in connection with their ownership of the Units; (c) to provide for the pleasure and recreation of the Owners; and (d) to promote the best interests of the Owners for the purpose of securing for them the fullest utilization and enjoyment of the Premises.

8.2 Powers. In furtherance of the foregoing purposes, but not otherwise, the corporation (which is sometimes hereinafter called the "Association") shall have and may exercise all of the following powers:

(a) Real and Personal Property. To acquire, by gift, purchase, trade or any other method, own, operate, build, manage, rent, sell, develop, encumber and otherwise deal in and with real and personal property of every kind and character, tangible and intangible, wherever located, and interests of every sort therein, subject to the provisions of Colorado Revised Statutes, Section 38-33.3-312 restricting the conveyance of, or granting of a security interest in, the Common Elements.

(b) Borrowing. To borrow funds or raise moneys in any amount for any of the purposes of the Association 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 Association, real, personal or mixed, including contract rights, whether at the time owned or hereafter acquired, subject to the provisions of Colorado Revised Statutes, Section 38-33.3-312 restricting the conveyance of, or granting of a security interest in, the Common Elements.

(c) Contracts. To enter into, make, amend, perform and carry out, or cancel and rescind, contracts, leases, permits and concession agreements for any lawful purposes pertaining to its business.

(d) 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 Association, to the extent that such guaranty is made in pursuance of the purposes herein set forth, subject to the provisions of Colorado Revised Statutes, Section 38-33.3-312 restricting the conveyance of, or granting of a security interest in, the Common Elements.

(e) 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.

(f) Assessments. To levy monthly or other periodic assessments and special assessments against the Owners for General and Limited Common Expenses, as defined in the Declaration, (including but not limited to the costs of repairing and maintaining Common Elements, and utility charges that are not charged directly to the Owners by the utility company), to charge interest on unpaid assessments and to collect dues, fees and interest in accordance with its bylaws, and to enforce liens given as security for such assessments, dues, fees and interest.

(g) General Powers. To do everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objects 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.

(h) Rule making. To make and enforce rules and regulations with regard to the management and operation of the Premises.

(i) Management, Maintenance and Repair. To provide for the management, maintenance and repair of the Premises.

(j) Litigation. To institute, defend or intervene in litigation or administrative proceedings in the name of the Association on behalf of the Association or two or more Owners on matters affecting the Premises.

(k) Easements, Leases and Licenses. To grant easements, leases, licenses and concessions through or over the Common Elements.

(l) Powers Conferred by Law. The foregoing enumeration of specific powers shall not limit or restrict in any manner the general powers of the Association and the enjoyment and exercise thereof as now or hereafter conferred by the laws of Colorado.

8.3 Restrictions Upon Purposes and Powers. The foregoing purposes and powers of the Association are subject to the following limitations:

(a) Nonprofitable Purposes. That the Association shall be organized and operated exclusively for nonprofitable purposes as set forth in Section 501(c)(7) of the Internal Revenue Code of 1954, as it is now or may hereafter be amended, or in any corresponding provision of any future law of the United States of America providing for exemption of similar organizations from income taxation;

(b) Net Earnings. That no part of the net earnings of the Association shall inure to the benefit of any private holder of membership certificates in the Association; and

(c) Class Action. The Association shall not participate in any litigation which is, or purports to be, a "class action" without first obtaining approval of at least 80 percent of its

members (as defined in Article 5). This subparagraph may not be amended unless such amendment is approved by the vote of 80 percent of the members.

ARTICLE IX OFFICERS

The Association shall have such officers as may from time to time be prescribed by the bylaws. Their terms of office and the manner of their designation or selection shall also be determined according to the bylaws from time to time in effect.

ARTICLE X MANAGER

The board of directors shall have power to appoint a manager or managing agent, or both, each of which may be a corporation, to carry on day-to-day maintenance, repair, rental and service functions for the Association. The Association may enter into a contract with such manager or managing agent, as the case may be, having a term of not more than five years (including all renewals) and with such other provisions as the board of directors may approve.

ARTICLE XI MANAGEMENT OF BUSINESS

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

11.1 Contracts with Directors, Officers or Members. No contract or other transaction of the Association with any other person, firm or corporation shall be affected or invalidated by (a) the fact that any one or more of the directors, officers or members of the Association is interested in, or is a director, trustee or officer of another corporation, or (b) 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 Association is hereby relieved from any liability that might otherwise arise by reason of his contracting with the Association for the benefit of himself or any firm or corporation in which he may be in anywise interested.

11.2 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.

11.3 Removal of Directors. One or more or all of the directors may be removed with or without cause by the vote of a majority of the votes of the members then entitled to vote at an

election of directors. Such vacancies shall be filled only by the vote of the members so represented, as if such meeting were a regular annual meeting for the election of directors, the person or persons having the highest number of votes in consecutive order being declared elected to the board of directors.

11.4 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 Association for their services, and to reimburse such members for expenses incurred in connection with furthering the purposes of the Association. The board of directors shall fix the basis and conditions upon which such compensation and reimbursement shall be paid. Any director of the Association may also serve in any other capacity and receive compensation and reimbursement for such other work.

11.5 Indemnity. The Association shall indemnify each director or officer, whether or not then in office; each person who may have served at the request of the Association as a director or officer of another corporation in which it owns capital stock or of which it is a creditor; and each agent, fiduciary and employee of the Association, and their respective personal representatives and assigns, 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, officer, agent, fiduciary or employee (such expenses to include the cost of reasonable settlement made with a view toward 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 negligence or misconduct in the performance of duty to the Association, and the foregoing right of indemnification shall not be exclusive of other rights to which he may be entitled as a matter of law. The Association shall further have the authority to the full extent permitted by law to indemnify its directors, officers, agents, fiduciaries, and employees against any claim, liability, or expense arising against or incurred by them in all other circumstances and to maintain insurance providing such indemnification.

11.6 Duty of Care. If appointed by the Declarant, officers and directors of the Association are required to exercise, in the performance of their duties, the care required of fiduciaries of the Owners. If not appointed by the Declarant, no director and no officer of the Association shall be liable for actions taken or omissions made in the performance of such director's or officer's duties except for wanton and willful acts or omissions.

ARTICLE XII EXECUTION OF INSTRUMENTS

Authority to convey or encumber the property of the Association and to execute any deed, contract or other instrument on behalf of the Association 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 attested by the secretary or an assistant secretary of the Association.

ARTICLE XIII BYLAWS

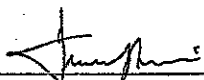
The initial bylaws of the Association shall be as adopted by its board of directors. The board and the members shall each have the power to alter, amend or repeal the bylaws. The bylaws may contain any provisions for the regulation or management of the affairs of the Association which are not inconsistent with law or these articles of incorporation, as the same may from time to time be amended.

ARTICLE XIV AMENDMENT

The Association reserves the right to amend, alter, change or repeal any provision contained in these articles of incorporation by, unless a higher voting requirement is set forth herein with respect to any particular provision, the vote of the holders of at least two-thirds of the votes of the members at any regular or special meeting called for that purpose at which a quorum shall be represented.

ARTICLE XV DISSOLUTION

The Association shall not pay any dividends. No distribution of the corporate assets to members (in their capacity as members) shall be made until all corporate debts are paid, and then only upon final dissolution of the Association by the affirmative vote of at least eighty percent (80%) of the votes of all of the members at any regular or special meeting called for that purpose at which a quorum (as defined in the bylaws) shall be represented. Upon such dissolution and distribution, the assets remaining after payment of all debts and cancellation of all liens shall be distributed among the members of the Association in accordance with their Sharing Ratios (as defined in the Declaration).


Fredric J. Lewis, Incorporator

Date: March 12, 2001