

ARTICLES OF INCORPORATION

THE UNDERSIGNED PERSON, acting as Incorporator of a Corporation under the Colorado Non-Profit Corporation Act, signs and acknowledges the following Articles of Incorporation for such Corporation:

**ARTICLE I
Name**

The name of the Corporation is the GRACE PARK II CONDOMINIUM ASSOCIATION, INC.

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**ARTICLE II
Duration**

The duration of the Corporation shall be perpetual.

**ARTICLE III
Purposes**

Section 1. To 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 of Restrictions, Easements and Covenants of Grace Park II Condominiums, Mesa County, Colorado (the "Declaration"), a subdivision of the Southwest Quarter of Section 16, Township 1 North, Range 2 West of the Ute Prime Meridian.

Section 2. To be the Association referred to in said Declaration, and to take such actions and perform such duties as are required of the Association in said Declaration, including the maintenance and administration of properties and facilities owned by the Association and the properties and facilities designated "common areas" and "common elements" and to fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration.

Section 3. Nonprofit purpose. The Corporation is formed exclusively for purposes for which a corporation may be formed under the Colorado Non-Profit Corporation Act and not for pecuniary profit or financial gain. No part of the assets, income or profit of the Corporation shall be distributable to, or inure any person except to the extent permitted under the Colorado Non-Profit Corporation Act. The Corporation shall not operate any listing service for its directors or contributors, or take steps which will serve to facilitate the transaction of specific business by its directors or promote the private interest of any director or contributor, or engage in any activities which would constitute a regular business of a kind ordinarily carried on for profit.

**ARTICLE IV
Registered Office**

The address of the initial registered office of the Corporation in Colorado is 1005 North Twelfth Street, Suite 211, Grand Junction, Colorado 81501 and the name of its initial registered agent at such address is Darin Carei.

COMPUTER UPDATE COMPLETE
CBW

[Handwritten signature]

ARTICLE V
Powers

Section 1. The Corporation shall have such powers as allowed by the laws of the State of Colorado to corporations and to common interest community associations, as the laws may be amended from time to time, and as the Board of Directors may determine from time to time within the laws of this state.

Section 2. The Corporation is specifically empowered to enjoy all the powers given in 7-22-101, 3A C.R.S., except as limited herein, but including the power to indemnify and provide for personal liability of directors, officers, employees and agents as permitted by 7-22-101.5, 3A C.R.S.

Section 3. The Corporation shall be the Association referred to in the Declaration of Conditions, Covenants and Restrictions of Grace Park II Condominiums, and is empowered to take such actions and perform such duties as are required of the Association in said Declaration, including the maintenance and administration of common areas, properties and facilities owned by the Association and to provide for the exterior maintenance and to obtain necessary insurance, including structural insurance for all units. In order to discharge its powers and duties, the Corporation is authorized to fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration.

Section 4. Upon the affirmative vote of eighty percent of the members, including eighty percent of the votes not allocated to the Declarant, the Corporation shall have the power to mortgage, pledge, deed in trust or hypothecate any or all the Common Areas or of the Corporation's real or personal property as security for money borrowed or rights incurred; however if such action affects a limited common element, all owners of units to which the limited common element is allocated must agree in order to subject it to a security interest or to convey it.

Section 6. The Corporation shall have the power to borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and Bylaws and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary; provided, however, that (1) a two-thirds majority vote of the Board is required to approve any borrowing; and (2) the Board shall not borrow more than \$2,000.00 or cause the Association to be indebted for more than \$10,000.00, at any one time without the prior approval of a majority of votes of both classes of membership.

Section 7. Upon the affirmative vote of eighty percent of the members, including eighty percent of the votes not allocated to the declarant, the Corporation shall have the power to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members in such affirmative vote.

ARTICLE VI
Income and Distribution

No part of the income of the Corporation shall inure to the benefit of any Member, trustee, director, officer of the Corporation, or any private individual (except that reasonable

compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes), and no Member, trustee, officer of the Corporation or any private individual shall be entitled to share in the distribution of any of the Corporate assets on dissolution of the Corporation.

ARTICLE VII
Distribution on Dissolution or Liquidation

In the event of the liquidation or dissolution of the Corporation, whether voluntary or involuntary, no person shall be entitled to any distribution or division of its remaining property or its proceeds, and the balance of all money and other property received by the Corporation from any source, after the payment of all debts and obligations of the Corporation, shall be used or distributed to either a public body or a not-for-profit organization discharging similar duties and functions as the Association. ✓

ARTICLE VIII
Members, Voting Privileges and Duties

Section 1. The corporation shall be a member Corporation.

Section 2. Every record owner of a fee or undivided fee interest in any condominium unit in Grace Park II Condominiums shall be a Member of the Grace Park II Condominium Association, Inc. The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Condominium Unit.

Section 3. Each Condominium Unit carries with it one vote in all matters on which the Members of the Association are entitled to vote. When more than one person owns an interest in any Condominium Unit, all such persons shall be Members. The vote for such Condominium Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Condominium Unit. The vote allocated to a Condominium Unit may be suspended for any money owed the Associate by the Condominium Unit owners that is in arrears, for the period of such arrearage, by the Board of Directors on written notice to the affected Member(s).

Section 4. Any privilege or service the Association provides to Condominium Units or Members is conditioned upon the Member's payment of fees and charges established by the Board for such privilege or service. If any Member or Condominium Unit exercises any privileges or receives any services for which payment is not made, the Association may refer the matter for collection to a collection agency or attorney.

ARTICLE IX
Membership Classes and Voting Rights

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Condominium Unit owned.

Class B. Class B Member(s) shall be Declarant and any successor of Declarant who takes title to all or part of the property for the purpose of development and sale of Condominium Units and who is designated as Successor Declarant in a recorded instrument executed by Declarant. Class B membership shall terminate on the earlier of the following dates:

- a. no later than sixty days after conveyance of seventy-five percent of the units that may be created to unit owners other than declarant; or
- b. July 1, 2005; or
- c. two years after the last conveyance of a unit by the declarant in the ordinary course of business; or
- d. two years after any right to add new units was exercised; or
- e. the date on which Declarant voluntarily relinquishes its Class B membership, as evidenced by a notice recorded in the office of the Mesa County Clerk and Recorder.

The time period during which Class B membership exists shall be known as the period of Declarant control, during which time the Declarant may appoint and remove the members of the Board of Directors of the Association and its officers that are not elected by Class A Members. After termination of the Class B membership, Declarant and any designated successor Declarant shall be entitled to one (1) Class A membership and one (1) Class A vote for each Condominium Unit owned. At such time, Declarant shall call a special meeting of the Members to advise the members that Class B membership has been terminated and to relinquish control of the Association to the Class A Members.

ARTICLE X Officers

Section 1. There shall be four officers: President, a Vice-president, a Secretary and a Treasurer, and other such officers as the Board deems necessary.

Section 2. One person may occupy more than one office, but no person may simultaneously hold the offices of President and Secretary.

Section 3. Officers shall be selected for terms of one year by the Board, and serve at the direction and pleasure of the Board.

Section 4. Offices named herein shall be held by Directors.

ARTICLE XI Directors

Section 1. The management of the Corporation shall be vested in a Board of Directors. The initial board shall be two (2) in number. Thereafter, the number of directors on subsequent boards of directors shall be established in the Bylaws, and the number may be increased or decreased from time to time as provided by the Bylaws; however, no change in number of directors shall have the effect of shortening the term of any sitting director.

Section 2. The initial Board of Directors shall be the person whose name is set forth below, and shall serve until the first annual meeting of the Corporation.

Section 3. The initial Board of Directors shall be:

| Name | Address |
|----------------|--|
| Terry Lawrence | 2978 Brookwood Drive Grand Junction, CO 81504 |
| Darin Carei | 1005 North Twelfth Street, Suite 211 Grand Junction, Colorado 81501 |

ARTICLE XII Bylaws

The original Bylaws of the Corporation shall be adopted by the Board of Directors. Thereafter, the Board of Directors shall have power to amend and rescind such Bylaws or to adopt new Bylaws, but a two-thirds majority of those present shall be required to make such changes.

ARTICLE XIII Amendments

Amendments of these Articles of Incorporation may be adopted only by a two-thirds majority vote of the Members.

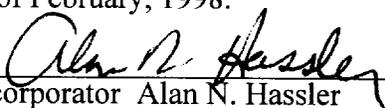
ARTICLE XIV FHA/VA Approval

As long as the Secretary of Housing and Urban Development may have an interest in the project, the following actions will require the prior written approval of the Federal Housing Administrator or the Veteran Administration: Failing to allocate the minimum amount of money approved by and required by HUD annually for monthly payment to the reserve fund for replacements; making disbursements from the reserve fund for replacements; annexing additional properties, merging or consolidating; dedicating, leasing, mortgaging, or selling any real or personal property of the Corporation; executing any management contract; dissolving the Corporation; and amending these Articles or the Bylaws of the Corporation.

ARTICLE XIII Data Respecting Incorporator

The Incorporator is a person of more than eighteen years of age, namely Alan N. Hassler, 225 North Fifth Street, Suite 505, Grand Junction, CO 81501.

IN WITNESS WHEREOF, the undersigned Incorporator has hereunto set his hand and seal at Grand Junction, Colorado, this 24th day of February, 1998.


Incorporator Alan N. Hassler