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**ARTICLES OF INCORPORATION**

**OF**

**DIAMOND RIDGE ESTATES  
HOMEOWNERS' ASSOCIATION**

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The undersigned adult natural person, acting as incorporator, hereby establishes a nonprofit corporation pursuant to the Colorado Nonprofit Corporation Act and adopts the following articles of incorporation:

**ARTICLE I**

**Name**

The name of the corporation is Diamond Ridge Estates Homeowners' Association.

**ARTICLE II**

**Duration**

The corporation shall have perpetual existence.

**ARTICLE III**

**Registered Office and Agent**

The address of the initial registered office of the corporation is 5600 Greenwood Plaza Boulevard, Suite 110, Englewood, Colorado 80111. The name of its initial registered agent at such address is Lenn M. Haffeman.

**ARTICLE IV**

**Definitions**

4.01 Basic Definitions.

As used in these Articles, the following terms have the following meanings:

(a) "Articles" means these Articles of Incorporation, as the same may be amended from time to time.

(b) "Association" means Diamond Ridge Estates Homeowners' Association, a Colorado nonprofit corporation.

(c) "Association Documents" means these Articles, the Bylaws, the Declaration and the Rules and Regulations, as the same may be amended from time to time.

(d) "Bylaws" means the Bylaws of the Association, as the same may be amended from time to time.

(e) "Common Elements" means any real estate within Diamond Ridge Estates, other than a Lot, that is owned or leased by the Association, or that the Association is otherwise required to operate, manage, maintain or repair, together with any improvements located thereon.

(f) "Declarant" means Diamond Ridge Estates, LLC, a Colorado limited liability company, and its successors and assigns.

(g) "Declarant Control Period" has the meaning assigned to such term in Section 7.02 below.

(h) "Declaration" means the Declaration of Covenants, Conditions, Restrictions, Reservations, Easements, Assessments, Charges and Liens for Diamond Ridge Estates, recorded in the real property records of Douglas County, Colorado.

(i) "Diamond Ridge Estates" means the planned community created by the Declaration, consisting of the Property, the Lots, the Common Elements, and all real property later made subject to the Declaration.

(j) "Director" means a duly elected or appointed member of the Executive Board.

(k) "Executive Board" means the board of directors of the Association.

(l) "Lot" means (i) any area of real property within Diamond Ridge Estates designated as a Lot on the Plat, and (ii) any area of real property within Diamond Ridge Estates that Declarant later designates as a Lot pursuant to Section 15.02 of the Declaration.

(mm) "Membership" means a membership in the Association and the rights granted to Owners pursuant to the Association Documents to participate in the Association.

(n) "Owner" means the record holder of legal title to the fee simple interest in any Lot or portion thereof. If there is more than one record holder of legal title to a Lot, each record holder shall be an Owner.

(o) "Plat" means the plat of Diamond Ridge Estates attached to and made a part of the Declaration as Exhibit C, as the same may be amended from time to time.

(p) "Property" means the real property located in the Town of Castle Rock, Douglas County, Colorado, more particularly described in Exhibit A to the Declaration, and any real property that is later added to Diamond Ridge Estates as permitted by the Declaration or the Act.

(q) "Purchaser" means a person or entity, other than Declarant or a Successor Declarant, who by means of a transfer, acquires legal title to the fee simple interest in any Lot or portion thereof.

(r) "Rules and Regulations" means any instruments adopted by the Association for the regulation and management of Diamond Ridge Estates, as the same may be amended from time to time.

(s) "Successor Declarant" means any person or entity who succeeds to any rights of Declarant under the Declaration.

#### 4.02 Other Definitions.

Any capitalized terms used in these Articles that are not defined in Section 4.01 above shall have the meanings given to them in the Declaration.

### ARTICLE V

#### Membership and Voting

##### 5.01 Membership.

(a) There shall be one Membership appurtenant to each Lot. A Membership may not be separated from the ownership of the Lot to which it is appurtenant.

(b) Any Membership appurtenant to a Lot having more than one Owner shall be shared by such Owners.

(c) A Membership may be transferred or encumbered only in connection with the conveyance or encumbrance of a fee simple interest in the Lot to which such Membership is appurtenant. Any transfer or encumbrance of a Membership other than as permitted in this paragraph 5.01(c) shall be void and have no force or effect.

##### 5.02 Voting.

(a) Each Membership shall be entitled to one vote. Fractional voting shall not be allowed. If Owners sharing a Membership cannot agree among themselves as to how to cast their vote when they are required to cast their vote on a

particular matter, they shall lose their right to vote on such matter. If any Owner casts a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that the Owner was acting with the authority and consent of all Owners with whom such Owner shares the Membership, unless objection thereto is made to the chairperson of the meeting at the time the vote is cast. If more than one vote is cast for any particular Membership, none of such votes shall be counted and all of such votes shall be deemed null and void.

(b) In any election of Directors to the Executive Board, every Membership shall have the number of votes equal to the number of Directors to be elected to the Executive Board by such election. Cumulative voting shall not be allowed in the election of Directors to the Executive Board or for any other purpose.

(c) Notwithstanding the terms and conditions of paragraph 5.02(a) above, the Association shall have no voting rights for any Membership appurtenant to any Lot owned by the Association.

## ARTICLE VI

### Purposes and Powers

#### 6.01 Purposes.

The Association's purposes are as follows:

(a) to manage, operate, construct, improve, alter and maintain the Common Elements;

(b) to administer and enforce the covenants, conditions, restrictions, reservations and easements created by the Declaration;

(c) to levy, collect and enforce the assessments, charges and liens imposed pursuant to the Declaration; and

(d) to regulate and manage Diamond Ridge Estates to enhance and protect the value of Diamond Ridge Estates.

## 6.02 Powers.

Unless expressly prohibited by law or any of the Association Documents, the Association may (a) take any and all actions that it deems necessary or advisable to fulfill its purposes, and (b) exercise all powers that may be exercised in Colorado by nonprofit corporations.

## 6.03 Restrictions on Purposes and Powers.

The purposes and powers of the Association described in Sections 6.01 and 6.02 above are subject to the following limitations:

(a) The Association shall be organized and operated exclusively for nonprofit purposes as set forth in Section 528 of the Internal Revenue Code of 1986, as 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) No part of the net earnings of the Association shall inure to the benefit of any Owner, except as expressly permitted in paragraph 6.03(c) below with respect to the dissolution of the Association.

(c) The Association shall not pay any dividends. No distribution of the Association's assets to Owners shall be made until all of the Association's debts are paid, and then only upon the final dissolution of the Association as permitted in the Declaration. Upon payment of all of the Association's debts and final dissolution, any remaining assets of the Association shall be distributed among the Owners in accordance with the terms and conditions of Section 38-33.3-218 of the Colorado Common Interest Ownership Act.

## ARTICLE VII

### Executive Board

#### 7.01 Executive Board.

(a) The business and affairs of the Association shall be controlled, conducted and managed by the Executive Board, except as otherwise provided in the Colorado Nonprofit Corporation Act, the Declaration, these Articles or the Bylaws.

(b) Except as provided by law or in the Declaration, these Articles or the Bylaws, the Executive Board may act on behalf of the Association in all instances. The Executive Board may not, however, act on behalf of the Association to (i) amend the Declaration; (ii) terminate Diamond Ridge Estates; (iii) elect Directors to the Executive Board, other than to fill a vacancy for the unexpired portion of the term of a Director; or (iv) determine the qualifications, powers and duties, or terms of office, of Directors.

(c) The initial Executive Board shall consist of three Directors, and the names and addresses of such persons, who are to serve as the Directors until the first annual meeting of the members or until their successors are elected and shall qualify, are as follows:

<u>Name</u>	<u>Address</u>
Lenn M. Haffeman	5600 Greenwood Plaza Blvd., Suite 110 Englewood, CO 80111
A.J. Miller	5600 Greenwood Plaza Blvd., Suite 110 Englewood, CO 80111
Frederic C. Hamilton	5600 Greenwood Plaza Blvd., Suite 110 Englewood, CO 80111

#### 7.02 Declarant Control Period.

(a) Subject to the terms and conditions of paragraphs 7.02(b) and (c) below, but notwithstanding anything else to the contrary contained in these Articles or in any other Association Document, Declarant shall have the exclusive right to appoint and remove all officers and Directors during the Declarant Control Period. The term "Declarant Control Period" means the period commencing on the date hereof and ending on the earliest to occur of:

- (i) sixty days after the conveyance to Purchasers of 75 percent of the maximum number of Lots that may be created by Declarant under the Declaration;
- (ii) two years after the last conveyance of a Lot by Declarant or a Successor Declarant to a Purchaser in the ordinary course of business; or

(iii) two years after any right under the Declaration to add new Lots was last exercised.

(b) Declarant may voluntarily surrender its right to appoint and remove officers and Directors prior to the expiration of the Declarant Control Period, but, in that event, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Association or the Executive Board, as described in a recorded instrument executed by Declarant, be approved by the Declarant before they become effective.

(c) Notwithstanding anything to the contrary contained in paragraph 7.02(a) above:

(i) not later than sixty days after the conveyance to Purchasers of 25 percent of the maximum number of Lots that may be created by Declarant under the Declaration, at least one Director and not less than 25 percent of the Directors on the Executive Board shall be elected by Owners other than Declarant or any Successor Declarant; and

(ii) not later than sixty days after the conveyance to Purchasers of 50 percent of the maximum number of Lots that may be created by Declarant under the Declaration, at least 33-1/3 percent of the Directors on the Executive Board must be elected by Owners other than Declarant or a Successor Declarant.

(d) Not later than the expiration of the Declarant Control Period, the Owners shall elect an Executive Board of at least three Directors, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant. Such Directors shall take office upon election.

## ARTICLE VIII

### Liability and Indemnification

#### 8.01 Limits on Directors' Liability.

To the fullest extent permitted by the Declaration and the Colorado Nonprofit Corporation Act, as the same exist or may hereafter be amended, a Director shall not be liable to the Association or the Owners for monetary damages for breach of fiduciary duty. Any repeal or modification of this Section 8.01 shall be prospective only and shall not adversely affect any right or protection of a Director existing at the time of such repeal or modification.

#### 8.02 Indemnification.

To the fullest extent permitted by the Declaration and the Colorado Nonprofit Corporation Act, as the same exist or may hereafter be amended, the Association shall indemnify each Director and each officer, employee, fiduciary and agent of the Association.

## ARTICLE IX

### Bylaws

The initial Bylaws of the Association shall be as adopted by the Executive Board. The Executive Board shall have the power to alter, amend or repeal the Bylaws from time to time in force and adopt new Bylaws. The Bylaws of the Association may contain any provisions for the regulation or management of the affairs of the Association that are not inconsistent with law, the Declaration or these Articles. However, no Bylaw at any time in effect, and no amendment to these Articles, shall have the effect of giving any director or officer of the Association any proprietary interest in the Association's property or assets, whether during the term of the Association's existence or as an incident to its dissolution.

**ARTICLE X**

**Amendment**

The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles by, unless a higher voting requirement is set forth herein with respect to any particular provisions, the vote of the holders of at least 80 percent of the votes of all members at any regular or special meeting called for that purpose at which a quorum shall be represented. The Association's right to amend, alter, change or repeal these Articles is subject to the limitations thereon set forth in the Declaration.

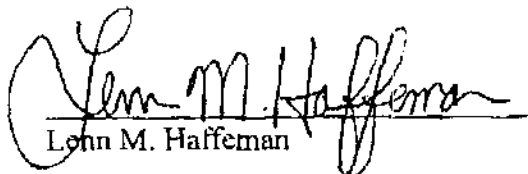
**ARTICLE XI**

**Incorporator**

The name and address of the incorporator is:

Lenn M. Haffeman  
5600 Greenwood Plaza Blvd., #110  
Englewood, CO 80111

Dated this 29<sup>th</sup> day of July, 1996.

  
Lenn M. Haffeman