

ARTICLES OF INCORPORATION

OF

NEEDLE ROCK CONDOMINIUM ASSOCIATION INC.

For the purpose of forming a corporation not for profit pursuant to the Colorado Nonprofit Corporation Act, the undersigned, acting as incorporator hereby adopts the following Articles of Incorporation for such corporation.

ARTICLE I

Name

The name of this corporation shall be: NEEDLE ROCK CONDOMINIUM ASSOCIATION, INC.

ARTICLE II

Duration

The period of duration of this corporation shall be perpetual.

ARTICLE III

Purposes

The business, objectives and purposes for which this corporation is formed are as follows:

A. To be and constitute the Condominium Association to which reference is made in the Declaration -- Needle Rock Condominium (hereinafter called the "Declaration" which term shall also include any amendment or supplement to the same) executed or to be executed by the Declarant relating to a condominium project described therein (herein called the "Project"), in the County of San Miguel, Colorado. Terms which are defined in the Declaration shall have the same meanings herein, unless otherwise defined herein.

B. To perform the obligations and duties and exercise the rights and powers of the Condominium Association under the Declaration.

C. To foster, promote and advance the common interests of the Owners of Residential and Commercial Units in the Project.

D. To protect and maintain the Project as a desirable residential and commercial location of the highest quality and value, and to enhance and protect its value, desirability and attractiveness.

ARTICLE IV

Powers

In furtherance of its purposes, but not otherwise, the corporation shall have the following powers:

A. All of the powers conferred upon nonprofit corporations by the common law and the statutes of the State of Colorado in effect from time to time.

B. All of the powers necessary or desirable to perform the obligations and duties and exercise the rights and powers of the Condominium Association under the Declaration, including without limitation, the following powers:

1. To levy and collect assessments from Owners for the purpose of paying the costs, expenses and any losses of the corporation, or of exercising any of its other powers or of performing any of its other functions under the Declaration.

2. To manage, control, operate, maintain, repair and improve the Common Elements of the Project.

3. To enforce covenants, conditions and restrictions affecting the Project to the extent this corporation may be authorized to do so under any such covenants, conditions and restrictions or the Declaration.

4. To engage in activities which will actively foster, promote and advance the common ownership interests of the Owners.

5. Subject to the Declaration and the Bylaws of this corporation (herein sometimes called the "Bylaws"), to sell, lease, acquire, encumber, exchange, hold, use, operate and otherwise deal with and in, real, personal and mixed property of all kinds, and any right or interest therein, for any purpose of this corporation.

6. To borrow money and secure the repayment of monies borrowed for any purpose of the corporation, limited in amount or in other respects as may be provided in the Bylaws or in the Declaration.

7. Subject to the Declaration and the Bylaws of this corporation, to enter into, make, perform or enforce contracts of every kind and description, including, without limitation, a contract for management services, and to do all other acts necessary, appropriate or advisable in carrying out any purpose of this corporation, with or in association with any person, firm, association, corporation or other entity or agency, public or private.

8. To make and enforce rules and regulations with respect to the use and operation of property in the Project, as provided in the Declaration.

9. To act as agent, trustee or other representative of other corporations, firms and individuals and, as such, to advance the business or ownership interests of such corporations, firms or individuals.

10. To adopt, alter, and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of the corporation, provided, however, that such Bylaws may not be inconsistent with or contrary to any provisions of these Articles of Incorporation or the Declaration.

11. To carry on and do generally any and all things necessary, proper, advisable or convenient for the accomplishment of the purposes hereinabove set forth and to do all other things incidental thereto.

C. The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article IV are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article IV.

ARTICLE V

Memberships

This corporation shall be a membership corporation without certificates or shares of stock. There shall be one class of membership, and there shall be one membership in the corporation for each Owner.

All members shall be entitled to vote on all matters, with one vote per Residential Unit and one vote per Commercial Unit. Cumulative voting is prohibited. If title to any Condominium Unit shall be held by two or more persons, then the membership related to that Condominium Unit shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which the title to the Condominium Unit is held; provided, however, that the voting rights of such Owners shall not be divided but shall be exercised as if the

Owner consisted of only one person in accordance with the proxy or other designation made by the persons constituting such Owner. Declarant may exercise the voting rights with respect to Residential Units and Commercial Units owned by it. In no instance shall any Residential Unit have more than one vote on any question or issue. No person or entity other than an Owner may be a regular member of the corporation.

A membership in the corporation and the share of a member in the assets of the corporation shall not be assigned, encumbered or transferred in any manner except as an appurtenance to transfer of title to the Residential Unit or the Commercial Unit to which the membership pertains; provided, however, that the rights of membership may be assigned to the holder of a first mortgage or deed of trust as further security for a loan secured by a lien on such Residential Unit or such Commercial Unit.

The transfer of membership shall occur automatically upon the transfer of title to the Residential Unit or to the Commercial Unit to which the membership pertains; provided, however, that the Bylaws of the corporation may contain reasonable provisions and requirements with respect to recording such transfers on the books and records of the corporation.

The corporation may suspend the voting rights of a member for failure to pay any assessment or for failure to otherwise comply with the rules and regulations or the Bylaws of the corporation or with any other obligations of the Owners under the Declaration, or any agreement created pursuant thereto.

The Bylaws may contain provisions, not inconsistent with or contrary to the foregoing, setting forth the rights, privileges, duties and responsibilities of the members.

ARTICLE VI

Board of Directors

The business and affairs of the corporation shall be conducted, managed and controlled by a Board of Directors.

The Board of Directors shall consist of three (3) persons each of whom is a member of the corporation or shares a membership as provided above in Article V, or a partner, director, officer, or agent of a member which is itself a partnership, corporation, or similar entity.

Members of the Board of Directors shall be elected in the manner determined by the Bylaws and shall serve for such terms as therein provided. In all events, however, the term of one of the members of the Board of Directors shall expire annually.

Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided by the Bylaws.

The names and addresses of the members of the initial Board of Directors who shall serve until their successors are duly elected and qualified, are as follows:

<u>Name</u>	<u>Address</u>
Daniel C. Hirsch III	Box 1105 Telluride, CO 81435
Dirk DePagter	45 Hillside Lane Telluride, CO 81435
Patrice DePagter	45 Hillside Lane Telluride, CO 81435

Any vacancies in the Board of Directors occurring before the first election of directors by Owners shall be filled by the remaining directors.

Notwithstanding anything to the contrary provided for herein, however, until Declarant has sold 100% of the Residential Units or October 31, 1987, whichever first occurs, the members of the Board of Directors shall be appointed by

Declarant unless such right is relinquished earlier, such appointments to be from persons who qualify pursuant to the second paragraph of this Article VI.

ARTICLE VII

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 corporation. The officers shall have such duties as may be prescribed in the Bylaws and shall serve at the pleasure of the Board of Directors.

ARTICLE VIII

Conveyances and Encumbrances

Subject to any restrictions set forth herein, in the Bylaws or in the Declaration, corporate property may be conveyed or encumbered by authority of the corporation and the Board of Directors. Conveyances or encumbrances shall be by instrument executed by the President or a Vice President and by the Secretary or the Treasurer or an Assistant Secretary or Assistant Treasurer, or executed by such other person or persons to whom such authority may be delegated by the Board.

ARTICLE IX

Initial Registered Office and Agent

The initial registered office of the corporation shall be at 45 Hillside Lane, Telluride, Colorado 81435. The initial registered agent of the corporation, whose business office is identical with such registered office is Dirk DePagter.

ARTICLE X

Incorporator

The name and address of the incorporator of this corporation is as follows:

<u>Name</u>	<u>Address</u>
John J. Horn	232 North Willow Telluride, CO 81635

ARTICLE XI

Dissolution

In the event of the dissolution of this corporation, either voluntarily by the members hereof, by operation of law, or otherwise, then the assets of this corporation, to the extent permitted by the Colorado Nonprofit Corporation Act, shall be deemed to be owned by the members at the date of dissolution in proportion to each member's percentage interest in the Common Elements within the Project.

ARTICLE XII

Amendments

Amendments to these Articles of Incorporation shall be adopted, if at all, in the manner as set forth in the Colorado Nonprofit Corporation Act; provided, however, no amendment to these Articles of Incorporation shall be contrary to or inconsistent with any provision of the Declaration.

Executed this 23rd day of December, 1987.

[Signature]
John J. Horn

STATE OF COLORADO)
) cc.
COUNTY OF SAN MICHAEL)

Subscribed and sworn before me this 23rd day of December, 1987.

My commission Expires: August 1, 1987
Witness my hand and official seal.

[Signature]
Notary Public
P.O. Box 507
Telluride, Colorado

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before
me this _____ day of _____, 1983, by
Patrice DePagter.

Witness my hand and official seal.

My commission expires: _____

Notary Public

