

**ARTICLES OF INCORPORATION
OF
VERANDAH COURT HOMEOWNER'S ASSOCIATION, INC.
(A Nonprofit Corporation)**

In compliance with the requirements of the Colorado Revised Nonprofit Corporation Act, Articles 121 to 137, Title 7, C.R.S., as amended, the undersigned, of full age, has this day, for the purpose of forming a non-profit corporation, certified as follows:

**ARTICLE I
NAME**

The name of the corporation is VERANDAH COURT HOMEOWNER'S ASSOCIATION, INC., hereafter called the "Association."

**ARTICLE II
PRINCIPAL OFFICE**

The principal office of the Association is c/o The Ryland Group, 8100 E. Maplewood Ave., Suite 100, Greenwood Village, Colorado 80111.

**ARTICLE III
REGISTERED AGENT**

Alan B. Lottner, whose address is 633 17th Street, Suite 2700, Denver, Colorado 80202, 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 maintenance, preservation and architectural control of certain property and improvements within the property described on Exhibit A to the Declaration (as hereinafter defined), and any additions thereto as may hereafter be brought within the jurisdiction of this Association (hereinafter called the "Community"), and to promote the health, safety and welfare of the residents within the Community, and for the following purposes to:

1. 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 Verandah Court, hereinafter called the "Declaration," applicable to the Community and recorded or to be recorded in the Office of the Clerk and Recorder of the County of Douglas, Colorado, as the same may be amended and supplemented from time to time, 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);

2. adopt and amend budgets for revenues, expenditures, and reserves, and fix, levy, collect and enforce payment of, by any lawful means, all charges and 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;

3. acquire (by gift, purchase, or otherwise), own, hold, improve, encumber, maintain, convey, sell, lease, transfer or otherwise dispose of real or personal property, in its own name, in connection with the affairs of the Association; provided, however, that portions of the Common Elements may be conveyed or subjected to a Security Interest by the Association only if Persons entitled to cast at least sixty-seven percent (67%) of the votes in the Association, including sixty-seven percent (67%) of the votes allocated to Lots not owned by a Declarant, agree to that action;

4. borrow money and mortgage, pledge, deed in trust, or hypothecate any or all of its personal property as security for money borrowed or debts incurred; provided, however, that portions of the Common Elements may be conveyed or subjected to a Security Interest by the Association only if Persons entitled to cast at least sixty-seven percent (67%) of the votes in the Association, including sixty-seven percent (67%) of the votes allocated to Lots not owned by a Declarant, agree to that action;

5. hire and terminate managing agents and other employees, agents, and independent contractors;

6. institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Community;

7. impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid assessments;

8. provide for the indemnification of its officers and members of its Board of Directors, and maintain directors and officers liability insurance;

9. participate in mergers and consolidations with other nonprofit corporations organized for the same or similar purposes; provided that any merger or consolidation, other than as may be done by Declarant as a Special Declarant Right, shall have the assent of the Owners of Lots to which at least two-thirds (2/3) of the votes in the Association are allocated;

10. manage, control, operate, maintain, repair and improve its property and other property as provided in the Declaration;

11. enforce covenants, restrictions, and conditions affecting any property to the extent this Association may be authorized to do so under the Declaration;

12. engage in activities that will actively foster, promote and advance the common interests of Owners;

13. enter into, make, perform, or enforce contracts, licenses, leases and agreements of every kind and description, incur liabilities, 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; provided, however, that the foregoing rights with respect to contracts and leases shall be subject to the express limitations, if any, contained in the Act;

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

15. have and exercise any and all powers, rights and privileges which a corporation organized under the Colorado Revised Nonprofit Corporation Act by law may now or hereafter have or exercise;

16. regulate the use, maintenance, repair, replacement and modification of Common Elements;

17. cause additional improvements to be made as part of the Common Elements;

18. impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements; and

19. exercise any powers enumerated in the Bylaws and exercise any other powers necessary and proper for the governance and operation of the Association.

The Board of Directors may not act on behalf of the Association to amend the Declaration, to terminate this Community or to elect members of the Board of Directors or determine the qualification, powers and duties, or terms of office of members of the Board of Directors, but the Board may fill vacancies in its membership for the unexpired portion of any term.

ARTICLE V MEMBERSHIP

The Owners of each Lot which is now or hereafter subject to assessment as provided in the Declaration, including contract sellers, shall be a Member of the Association. Following termination of the Community, the membership shall consist of all former Owners entitled to distribution of proceeds under the Act or their heirs, personal representatives, successors or assigns. ~~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 that is subject to assessment by the Association.

A transfer of membership shall occur automatically upon the transfer of title to the Lot to which the membership pertains. The Association may suspend the voting rights of a Member for a period not to exceed sixty (60) days for any infraction of its published rules and regulation or the Bylaws, 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

1. The Association shall have one class of voting membership. Each Owner shall be entitled to one (1) vote for each Lot owned, in accordance with the Allocated Interest attributable to such Lot, except that no votes allocated to a Lot owned by the Association may be cast. The total number of votes that may be cast in connection with any matter shall be equal to the total number of Lots then existing within the Community. Except as otherwise provided in the Article, during the Period of Declarant Control, the Declarant or Persons appointed by the Declarant may appoint all officers and directors and may remove all officers and directors of the Board of Directors appointed by it. Declarant may voluntarily surrender the right to appoint and remove officers and directors of the Board of Directors before termination of the Period of Declarant Control; but, in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. No later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots That May Be Included to Owners other than a Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors must be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots That May Be Included to Owners other than a Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board of Directors must be elected by Owners other than the Declarant.

2. Not later than the termination of the Period of Declarant Control, the Owners shall elect a Board of Directors of not less than three (3) members, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Board of Directors shall elect the officers. The Board members and officers so elected shall take office upon election.

ARTICLE VII BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors of not less than three (3) Directors. Directors shall be Members which, in the case of Declarant, may include any member of Declarant and any director, officer, employee or authorized agent of Declarant or any member of Declarant and, in the case of corporate Members, may include the officers and

directors of each such corporate Member. 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:

NAME	ADDRESS
Robert Brisnehan	8100 E. Maplewood Ave., Suite 100 Greenwood Village, Colorado 80111
Kelly A. Nichols	8100 E. Maplewood Ave., Suite 100 Greenwood Village, Colorado 80111
Holly Schroeder	8100 E. Maplewood Ave., Suite 100 Greenwood Village, Colorado 80111

The successors to the initial and subsequent Board of Directors shall be appointed or elected in the manner set forth in the Bylaws.

ARTICLE VIII DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by the Owners with not less than two-thirds (2/3) of the votes allocated to Lots not then owned by Declarant, and by the Declarant with not less than two-thirds (2/3) of the votes allocated to Lots then owned by the Declarant. Upon dissolution of the Association as a corporation, other than incident to a merger or consolidation, either voluntarily or involuntarily by the Members hereof, by operation of law or otherwise, then 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 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 X DURATION

The Association shall exist perpetually.

ARTICLE XI
LIMITED LIABILITY OF DIRECTORS AND OFFICERS

There shall be no personal liability, either direct or indirect, of any director or officer of the Association to the Association or its Members, for monetary damages for any breach(es) of fiduciary duty as a director or officer, except that this provision shall not eliminate the liability of a director or officer, to the Association or its Members, for monetary damages for any breach, act, omission or transaction as to which the Colorado Revised Nonprofit Corporation Act (as in effect from time to time) expressly prohibits the elimination of liability. This provision is effective on the date of incorporation of the Association, and shall not eliminate or limit the liability of a director or officer to the Association or to its members for monetary damages for any act or omission occurring prior to such date. However, this provision shall not limit the rights of directors or officers of the Association for indemnification or other assistance from the Association. Also, this provision shall not restrict or otherwise diminish the provisions of Section 13-21-116 (2) (b), Colorado Revised Statutes, as amended, or any other law that would limit or eliminate liabilities. Any repeal or modification of the foregoing provisions of this Article by the Members, or any repeal or modification of the provisions of the Colorado Revised Nonprofit Corporation Act which permits the limitation or elimination of liability of director or officers, shall not adversely affect any elimination of liability, or any right or protection, for any breach, act, omission or transaction that occurred prior to the time of such repeal or modification.

ARTICLE XII
AMENDMENTS

Amendment of these Articles shall require the assent of Owners holding a majority of a quorum of the votes of the Lots voting in person or by proxy at an annual meeting of Members or at a special meeting called for this purpose; provided, however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with any provision of the Declaration.

ARTICLE XIII
HUD/VA APPROVAL

If and to the extent required by HUD or VA, during the Period of Declarant Control, the following actions will require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has guarantee(s) on one or more Security Interests: annexation of additional properties, mergers and consolidations, dissolution and amendment of these Articles.

