

**ATTACHMENT TO
ARTICLES OF INCORPORATION
OF
PIONEER HILLS OWNERS ASSOCIATION
A Colorado Nonprofit Corporation**

The corporation is formed to manage, administer and operate the Community located in Arapahoe County, Colorado, as described in and in accordance with the provisions of that certain Community Declaration for Pioneer Hills (the "Declaration") including, without limiting the generality of the foregoing statement, the performance of the acts and services set forth below as a nonprofit corporation organized pursuant to the Colorado Common Interest Ownership Act ("Act") and Colorado Nonprofit Corporation Act. Defined terms not otherwise defined in this Attachment shall have the same meaning as set forth in the Declaration.

PURPOSE

The corporation shall have the authority to carry out the following:

- (a) Adopting an annual budget in which there shall be established the contribution of each Unit Owner to the Common Expenses;
- (b) Making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the assessments; provided that unless otherwise determined by the Board of Directors, the Annual Assessment against the proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month;
- (c) Making Special Assessments and Reimbursement Assessments and establishing the due date thereof in lump sum or by periodic installments.
- (d) Providing for the operation, management, and maintenance and repair of all of the Common Elements and property owned by the Association.
- (e) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, other property as set out in the Declaration and the operation of the Association; and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (f) Opening of and maintaining bank accounts on behalf of the Association and designating the signatories required;

- (g) Collecting the Assessments, depositing the proceeds thereof in a bank depository and using the proceeds to administer the Association in accordance with the budget or as otherwise directed by the Board;
- (h) Making and amending rules and regulations ("Rules");
- (i) Making or contracting for the making of repairs, additions and improvements to or alterations of the Common Elements and other property owned by the Association;
- (j) Enforcing by legal means the provisions of the Declaration, the Bylaws and the Rules;
- (k) Obtaining and maintaining insurance against casualties and liabilities and paying the premium cost thereof; such insurance shall comply with the Declaration, and also any Agency requirements;
- (l) Paying the cost of all services rendered to the Association or its Members and not chargeable to individual Owners;
- (m) Keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration;
- (n) Making available to any prospective purchaser of a Unit, any Owner, any Security Interest Holder, and the holders, insurers and guarantors of a First Security Interest encumbering any Unit, current copies of the Declaration, the Articles of Incorporation, the Bylaws, Rules, and all other books, records and financial statements of the Association as provided below;
- (o) Borrowing funds in order to pay for any Association expense;
- (p) Entering into contracts;
- (q) Retaining legal counsel, auditors, accountants, appraisers and other persons or services that may be necessary for or incidental to any of the activities described in this document;
- (r) Instituting, defending and intervening in litigation, arbitration or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, Bylaws or Rules in the Association's name, on behalf of the Association or two or more Unit Owners on matters affecting the Community. Enforcing any and all covenants, restrictions and agreements applicable to the Community; including but not limited to, those set forth in the Declaration;
- (s) Acquiring, holding, encumbering and conveying, in the Association's name, any right, title or interest to real estate or personal property;

(t) Granting easements for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one year, through or over the Common Elements;

(u) Imposing and receiving a payment, fee or charge for services provided to Unit Owners;

(v) Imposing reasonable charges for late payment of Assessments and, after notice and hearing, levying a reasonable fine for a violation of the Declaration, Bylaws or Rules of the Association;

(w) Providing for the indemnification of the Association's officers and the Board and maintain Directors' and Officers' liability insurance to the extent reasonably available;

(x) Establishing committees, permanent and standing, to perform any of the above functions;

(y) Performing, or causing to be performed, all other necessary acts and services suitable or incidental to any of the foregoing purposes and objects to the fullest extent permitted by law; and

(z) Exercising any other powers conferred by the Declaration, the Articles of Incorporation, the Bylaws, the Act and the Colorado Nonprofit Corporation Act and not specifically reserved to the Owners.

The foregoing statements of purpose shall be construed as statements of both purposes and powers. The purposes and powers stated in each clause shall not be limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers. The Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

BOARD

The initial Board shall consist of three persons, and this number may be changed by a duly adopted amendment to the Bylaws, except that in no event may the number of members be less than three nor more than nine.

AMENDMENT

Amendment of these Articles shall require the vote or agreement of Owners of at least sixty-seven percent (67%) of the Townhome Lots and at least sixty-seven percent (67%) of the Single Family Lots; provided, however, that no amendment to these Articles

of Incorporation shall be contrary to or inconsistent with any provision of the Declaration.

MEMBERSHIP CLASSES, RIGHTS AND QUALIFICATIONS

The classes, rights and qualifications of voting members are as follows:

The Association shall have voting members. Any person who holds title to a Unit in the Community shall be a member of the Association. There shall be one membership for each Privately Owned Site owned within the Community. This membership shall be automatically transferred upon the conveyance of that Privately Owned Site. Voting shall be based upon one vote per Privately Owned Site, and the vote to which each membership is entitled is the vote assigned to its Privately Owned Site in the Declaration. If a Privately Owned Site is owned by more than one person, those persons shall agree among themselves how a vote for that Privately Owned Site's membership is to be cast, pursuant to applicable provisions in the Bylaws of the Association. A vote by an individual co-owner for the entire Privately Owned Site's membership interest shall be deemed to be pursuant to be valid proxy, unless another co-owner of the same Privately Owned Site objects at the time the vote is cast, in which case such membership's vote shall not be counted unless such co-owners can agree within a reasonable time.

The members shall be of one class, Owners who own Privately Owned Sites, as defined in the Declaration. These Unit Owners shall elect all members of the Board, following the Period of Declarant Control as more particularly described in the Declaration and Bylaws. In some cases votes may be cast separately by the Owners of Single Family Lots and Owners of Townhome Lots, or Owners of Privately Owned Sites within a specific Neighborhood, as provided in the Declaration or Bylaws.

Except as otherwise provided in the Declaration, not later than the termination of the Period of Declarant Control, the Unit Owners shall elect an Board of six members, at least a majority of whom shall be Unit Owners other than Declarant. The Board shall elect the officers. The Board members and officers shall take office upon election. The Board may reduce the number of directors to no less than three.

INDEMNIFICATION

The Association may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a member of the Board, officer, employee, fiduciary or agent of the Association, who is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorney's fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interest of the Association, and with respect to any criminal action or

proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interest of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful.

The Association may indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or contemplated action or suit by or in the right of the Association to procure judgment in its favor by reason of the fact that such person is or was a member of the Board, officer, employee, fiduciary or agent of the Association or is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorney's fees and costs) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believed to be in the best interest of the Association; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty in the Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

To the extent that a member of the Board, officer, employee, fiduciary or agent of the Association has been successful on the merits in defense of any action, suit or proceeding referred to in paragraphs 1 or 2 of this section, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorney's fees and costs) actually and reasonably incurred by him or her in connection therewith.

Any indemnification under the first or second paragraphs of this section (unless ordered by a court) and distinguished from the third paragraph of this section, shall be made by the Association only as authorized by the specific case upon a determination that indemnification of the member of the Board, officer, employee, fiduciary or agent is proper in the circumstances because such individual has met the applicable standard of conduct set forth in the first or second paragraphs above. Such determination shall be made by the Board by majority vote of a quorum consisting of those members of the Board who were not parties to such action, suit or proceeding or, if such a quorum is not obtainable, such determination shall be made by written opinion of independent legal counsel and written approval by Board members entitled to vote thereon, if any.

The indemnification provided by this section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the members or disinterested members of the Board, or otherwise, nor by any rights which are granted pursuant to the Act and the Colorado Nonprofit Corporation Act.

