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VICTORIA BUCKLEY
COLORADO SECRETARY OF STATE

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ARTICLES OF INCORPORATION
OF
THE KNOLLS (Phase I) PROPERTY OWNERS ASSOCIATION, INC.

Pursuant to Article 12 of the Amended Declaration of Protective Covenants for The Knolls, Phase I ("Protective Covenants") recorded in the real property records in the Office of the Clerk and Recorder of Archuleta County, Colorado on May 5, 1997 as Reception No. 97002761, the undersigned person, acting as incorporator of a corporation under the Colorado Revised Non-Profit Corporation Act, signs and acknowledges the following Articles of Incorporation for such corporation:

ARTICLE 1
NAME

The name of the Corporation is THE KNOLLS (Phase I) PROPERTY OWNERS ASSOCIATION, INC. (the "Corporation").

ARTICLE 2
DURATION

The period of duration is perpetual.

ARTICLE 3
PURPOSES

The purposes for which the Corporation is organized are:

(a) to provide for the enforcement of the Protective Covenants;

(b) to protect the owners and tenants of lots against such improper development and use of surrounding lots as will depreciate the value and use of their lots;

(c) to prevent the erection within the subdivision of structures constructed of improper or unsuitable materials or with improper quality and methods of construction;

(d) to insure adequate and reasonably consistent development of the subdivision;

(e) to encourage and insure the erection of attractively designed permanent improvements appropriately located within the subdivision in order to achieve harmonious appearance and function; and,

(f) to maintain and improve common roads, footpaths, utilities, landscaping, recreational facilities, parking areas, fencing, hangars, taxiway and other Common Elements of the subdivision as provided in the Corporation's Bylaws.

(g) such other purposes as may be provided by the Bylaws, the Protective Covenants, and/or state law.

The foregoing statements of purpose shall be construed as a statement of both purpose 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.

ARTICLE 4
NOT FOR PROFIT

The Corporation shall be a nonprofit corporation. No part of the income or assets of the Corporation is distributable to or for the benefit of its Members, Directors, or Officers, except to the extent permissible by law.

ARTICLE 5
NON-STOCK BASIS

This Corporation is organized on a non-stock basis. This Corporation shall not issue shares of stock.

ARTICLE 6
LIMITATION

The Corporation shall have no power to declare dividends, and no part of its net earnings shall inure to the benefit of any Member of, Officer of or Director of the Corporation or to any other private individual. The Corporation shall have no power or authority to engage in activities which consist of carrying on propaganda or otherwise attempting to influence legislation or to participate in, or intervene in, any political campaign on behalf of any candidate for public office.

ARTICLE 7
INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office is 818 Rosita Street, P.O. Box 129, Pagosa Springs, CO 81147 and the name of the initial Registered Agent of the Corporation in this State at such office is Mary Deganhart-Weiss.

ARTICLE 8
INITIAL PRINCIPAL OFFICE

The address of the initial principal office of the Corporation is P.O. Box 3036, Pagosa Springs, CO 81147.

ARTICLE 9
MEMBERS AND VOTING

The Corporation shall have voting Members and the classes, rights and qualifications and the manner of election or appointment of Members are as follows: Any person who is an owner of a lot

in Phase I of The Knolls Subdivision shall be a Member of the Corporation. There shall be one membership for each lot owned within Phase I of The Knolls Subdivision and this membership shall be automatically transferred upon the conveyance of that lot and each lot owner shall have one vote for each lot owned. If a lot is owned by more than one person, those persons shall agree among themselves how a vote for that lot's membership is to be cast. Individual co-owners may not cast fractional votes. A vote by a co-owner for the entire lot's membership interest shall be deemed to be pursuant to a valid proxy, unless another co-owner of the same lot objects at the time the vote is cast, in which case such membership's vote shall not be counted.

ARTICLE 10
INITIAL DIRECTORS

The number of initial Directors of the Corporation shall be three (3), which number may be increased or decreased pursuant to the Bylaws of the Corporation, but shall never be less than three (3). The names and addresses of the initial Directors who shall act until the first annual meeting or until their successors are duly chosen and qualified are:

NAME	ADDRESS
Robert J. Cecka	9997 Hidden Valley Road, Scottsdale, AZ 85262
Judy Cecka	9997 Hidden Valley Road, Scottsdale, AZ 85262
James Carey	17262 Apple Lane, Huntington Beach, CA 92649

ARTICLE 11
INCORPORATOR

The name and address of the incorporator is:

Mary Deganhart-Weiss
818 Rosita Street - P. O. Box 129
Pagosa Springs, Colorado 81147

ARTICLE 12
DISTRIBUTION OF ASSETS ON DISSOLUTION

Upon the dissolution of the Corporation's affairs, or upon the abandonment of the Corporation's activities due to its impracticable or inexpedient nature, the assets of the Corporation then remaining in the hands of the Corporation shall be distributed, transferred, conveyed, delivered, and paid over to any other charitable organization of this or any other State, having a similar or analogous character or purpose, or as may be otherwise provided by the laws of the State of Colorado.

ARTICLE 13
LIMITATION ON LIABILITY

No Director of the Corporation shall be held personally liable to the Corporation or its Members for monetary damages for breach of a fiduciary duty, except that Directors shall be liable for monetary damages to the Corporation or its Members for any breach of a Director's duty of loyalty to the Corporation or its Members; acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; and any other prohibited acts specified by the laws of the State of Colorado.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation this 22nd day of December, 1998, and I acknowledge the same to be my act.

Mary Deganhart-Weiss, Incorporator

CONSENT OF REGISTERED AGENT

I hereby consent to my appointment as initial Registered Agent of the Corporation in the foregoing Articles of Incorporation.

Mary Deganhart-Weiss, Registered Agent

STATE OF COLORADO)
) ss.
County of Archuleta)

The foregoing Articles of Incorporation were signed and sworn to before me by Mary Deganhart-Weiss, in her capacity as Incorporator and initial Registered Agent, on this 22nd day of December, 1998.

Notary Public

My Commission Expires:
1/22/02

BEVERLY MARTINEZ NOTARY PUBLIC STATE OF COLORADO

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STATE OF COLORADO

Victoria Buckley
Colorado Secretary of State
1560 Broadway Suite 200
Denver, Colorado 80202
Telephone: 303-894-2251

RECEIVED
DEC 17 1998

MARY DEGANHART-WEISS
PO BOX 129

PAGOSA SPRINGS CO 81147

Date
12-15-1998

**PURSUANT TO C.R.S. 24-30-2-3 (1)
THE DEPARTMENT OF STATE WILL NO LONGER REFUND OVERPAYMENTS UNLESS APPLIED FOR. THIS NOTICE MUST BE RETURNED IF YOU WISH TO RECEIVE A REFUND OR IF YOU WISH TO APPLY THIS OVERPAYMENT TO ANOTHER FILING.**

If you wish the overpaid amount for the listed Transaction ID(s) to be refunded to you, put an "X" in the column labeled "YES, PLEASE REFUND." If you wish the overpaid amount to be applied wholly or in part to the enclosed filing enter that amount in the last column. Refund requests or use of overpaid funds from Transaction ID's not listed must be written-in and the appropriate columns filled

TRANSACTION ID	AMT OVERPAID	YES PLEASE REFUND	NO, APPLY THIS AMOUNT TO THE ENCLOSED DOCUMENT
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