

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
DURANGO MOUNTAIN MASTER ASSOCIATION

The undersigned desiring to establish a nonprofit corporation pursuant to the Colorado Nonprofit Corporation Act, hereby certifies:

ARTICLE I
NAME

The name of the corporation shall be: Durango Mountain Master Association (hereinafter called the "Association").

ARTICLE II
TERM OF EXISTENCE

The corporation shall have perpetual existence.

ARTICLE III
DEFINITIONS

1. Association Properties: Association Properties shall mean and include all real property or interests, improvements on real property, and personal property and equipment owned, leased, held or used by the Association or under the Association's management or control by, through or under contractual arrangements, licenses or other arrangements, and shall include Special Property (as hereinafter defined).

2. Commercial Site: Commercial Site shall mean any Site upon which any service or retail business, except a Lodge, is being operated.

3. Declarant: Declarant shall mean DSC/Purgatory, LLC, and any party which (a) acquires from Declarant all or a substantial portion of the real property then owned by Declarant at Durango Mountain Resort and (b) immediately prior to such acquisition is designated by a written instrument signed by Declarant as a successor or assignee of Declarant under the Declaration. Such instrument shall be recorded in the real property records of La Plata or San Juan County, Colorado, and may specify the extent and particular rights or interests as a Declarant which are being assigned, in which case DSC/Purgatory, LLC, shall retain all other rights as Declarant.

4. Declaration: The Declaration shall mean the Amended and Restated Land Use Declaration for Durango Mountain Resort filed by Declarant in 2003 in the real property records of the Clerk and Recorder of La Plata or San Juan County, Colorado and all Amendments and

Supplements thereto recorded in the real property records of La Plata or San Juan County, Colorado. The Declaration, among other things, defines certain rights and obligations of Owners and Lessees within Durango Mountain Resort with respect to the Association.

5. Durango Mountain Resort: Durango Mountain Resort shall mean all of the real property in La Plata or San Juan County, Colorado, within the boundaries set forth in the legal description attached hereto as Exhibit A as well as all real property which becomes part of Durango Mountain Resort as provided in Article VIII herein, including, but not limited to that certain property within the external boundaries of the Durango Mountain Resort Master Plan recorded at Reception No _____. Any property removed from Durango Mountain Resort as provided in Article VIII herein shall no longer be part of Durango Mountain Resort.

6. First Class Membership: All Owners and Lessees are referred to herein as First Class Members. First Class Members are broken down into "Class A Members," "Class B Members" and "Class C Members."

7. Guest: Guest shall mean any customer, agent, employee, guest or invitee of an Owner or Lessee; and any person or persons, entity or entities who have any right, title or interest in a Site which is not the fee simple title to the Site, including a lessee (other than Lessee), licensee, concessionaire, mortgagee or beneficiary under a deed of trust, and any customer, agent, employee, guest or invitee of such person or persons, entity or entities.

8. Lessee: The term Lessee shall mean the person or persons, entity or entities who are the lessees under a ground lease of any part or all of a Site or the lessees of any space within a building, on any Site (such leased property hereinafter referred to as the Leased Premises). Each Lessee shall also be the holder or holders of a particular class of First Class Membership in the Association as set forth below, which is appurtenant to ownership of its interest in the Leased Premises. The term Lessee shall include Declarant to the extent it is a Lessee as defined above and shall include a Sublessee to the extent he becomes a Lessee pursuant to Section 6.8 of the Declaration, but it shall not include the Association or any governmental entity (which term shall include but is not limited to Special Districts formed pursuant to Colorado law).

9. Lodge: A Lodge shall mean a building designed, intended, or used for the accommodation of tourists, transients, or permanent guests for compensation, and in which no provision is generally made for cooking in individual rooms or suites of rooms however such building may be designated (i.e. as a hotel), but shall not include a Residential Site.

10. Owner: Owner shall mean the person or persons entity or entities who own of record, according to the real property records of La Plata or San Juan County, Colorado, fee simple title to a Site. Each owner shall also be the holder or holders of a particular First Class Membership in the Association as set forth below, which is appurtenant to ownership of such Site. The term Owner shall include Declarant to the extent it is the owner of a fee simple title to Site.

11. Residential Site: A Residential Site is defined as any Site that is zoned for a single family residence, or residential duplex, or which is being used as a residential condominium unit.

12. Service: Service shall mean any activity or service required or permitted under the Declaration to be undertaken or performed by the Association as well as any activity, function or service otherwise undertaken or performed by the Association.

13. Site: Site shall mean each parcel of real property within Durango Mountain Resort that has been subjected to the Amended and Restated Land Use Declaration, the fee simple interest of which may be conveyed in its entirety to a third party without violating the subdivision regulations of La Plata or San Juan County, Colorado as in effect from time to time, including a condominium unit (as that term is defined in the Condominium Ownership Act of the State of Colorado) and including any such parcel or condominium unit owned by Declarant that is subject to the Declaration. If at any time, La Plata or San Juan County, Colorado, has no subdivision regulations in effect or modifies its subdivision regulations as in effect on the date hereof in a manner which in the reasonable judgment of Declarant would materially affect or modify the rights of Owners hereunder to be represented on the Board of Directors, Declarant may by written instrument recorded in the real property records of La Plata or San Juan County, Colorado designate each parcel in Durango Mountain Resort which from time to time constitutes a Site. Notwithstanding the foregoing, a parcel of property owned, held or used in its entirety by the Association, or by any governmental entity (which term shall include but is not limited to Special Districts formed pursuant to Colorado law), or for or in connection with the distribution of electricity, gas, water, sewer, telephone television or other utility service or for access to any property within or without Durango Mountain Resort, or to the Ski Facility, shall not be considered a Site. Moreover, a parcel of land containing 35 acres or more shall be considered as only one Site, even though various parts thereof might be conveyed without violating the subdivision regulations of La Plata or San Juan County, Colorado.

14. Special Majority Vote: The Special Majority Vote shall be achieved on any particular matter if (and only if) (a) both the Class D member and the Class E member vote in favor of such matter, and (b) at least one of the three other classes of members which may have members entitled to vote on such matter, voting as classes, vote in favor of such matter. For the purpose of determining the vote of a class, the votes of a majority of the members of such class present at such meeting in person or by proxy and entitled to vote on such matter shall be deemed the vote of such class. Notwithstanding the foregoing, upon the effective resignation of the Class D member or the Class E member, the favorable vote of such resigned member shall no longer be required.

15. Ski Facility: Ski Facility shall mean the Durango Mountain Resort Ski Area (also known as the Purgatory Ski Area) (by whatever name it may from time to time be known) located in part on real property adjacent to Durango Mountain Resort and in part on National Forest lands adjacent thereto, including, but not limited to, all ski tows or lifts, including towers, cables and structures or facilities used in direct connection with operation of such tows or lifts; ski trails or runs; roads used in connection with maintenance or operation of tows, lifts, trails or runs; areas occupied or used for tow or lift lines; areas which are occupied by racks for skis which are available for use by the public; ski school meeting areas; ski patrol facilities and first aid facilities for skiers; restrooms; lockers; nursery facilities; storage and warehouse facilities; lobbies; meeting rooms; areas or facilities occupied or used for sale of ski tow or lift tickets, ski

school lessons, ski touring tickets, skiing instruction, helicopter tours, snowcat tours or similar activities, or for maintenance shops or for offices of the owner or operator of the Ski Facility or others primarily engaged in operating or promoting its activities on the resort.

16. Special Property: Special Property shall mean any real property, any improvement or portion of any improvement on real property and any personal property or equipment with respect to which Declarant grants, assigns or conveys to the Association title, interests in, or rights of use, or with respect to which Declarant permits use by the Association or some or all Owners, Lessees or Guests, and any replacement of or for any of the foregoing. Such title, interests in or rights of use may include, but are not limited to, the access road or roads serving Durango Mountain Resort; open space or unimproved areas within Durango Mountain Resort, walks, drives, malls, commons, bike paths, stairs, landscaping, trees, shrubs, ponds, seating benches, aesthetic structures, lighting, walk coverings and other open space improvements; parking areas or structures or facilities; swimming pools, golf courses, ice rinks, sauna or steam baths, horseback riding stables, tennis courts, game courts, game areas or other recreational facilities; conference facilities; cars and trucks or snow removal, maintenance or other equipment; and office space and office furnishings, furniture or fixtures.

ARTICLE IV PURPOSES AND POWERS

(a) Purposes. To promote the health, safety, and welfare of all members of the Association and to establish, provide and maintain a desirable community and environment for all Owners, Lessees and Guests.

(b) Powers. In furtherance of the foregoing purposes, but not otherwise, the Association shall have and may exercise all of the following powers:

(i) Real and Personal Property. To acquire by gift, purchase, lease, trade or any other methods, own, operate, build, manage, maintain, rent, sell, develop, encumber, and otherwise deal in and with real and personal property of every kind and character, tangible and intangible, wherever located, and interests of every sort therein.

(ii) Supplementary Services. To (a) own, lease, acquire, build, operate, and maintain any Association Properties including but not limited to recreational facilities, lakes, wetlands, playgrounds, tennis courts, swimming pools, golf courses, clubhouses, restroom facilities, parking facilities, commons, access roads, streets, foot and bike paths, including buildings, structures, personal properties incident thereto, and any other property owned and maintained for the common benefit and enjoyment of Owners, Lessees and Guests; (b) provide solid waste collection; (c) provide fire and police type protection; (d) maintain undeveloped lands; (e) provide parking within and transportation to, from, within and regarding Durango Mountain Resort; (f) provide reception, information and reservation centers for guests visiting; (g) provide pet control; (h) provide promotional services for Durango Mountain Resort; (i) provide exterior maintenance for any Site or improvement thereon; (j) provide a central reservation system; (k) insofar as permitted by law to supplement all municipal services; and

(1) provide any other service and perform all actions contemplated or permitted by the Declaration.

(iii) Marketing. To promote Durango Mountain Resort and the Ski Facility as a year-round resort. In this connection, the Association may participate in marketing and promotional activities with the operator of the Ski Facility and may reimburse (or advance to) the operator of the Ski Facility for such portion of its promotional and marketing expense as the Association's Board of Directors in their reasonable judgment determines benefits the Owners and Lessees.

(iv) Taxes. To pay taxes, if any, on Association Properties.

(v) Covenant Enforcement. To enforce any and all covenants, restrictions, agreements, or rules and regulations applicable to Durango Mountain Resort in any manner provided by the laws of Colorado, the Declaration or these Articles of Incorporation or the Bylaws as from time to time in force and effect.

(vi) Borrowing. To borrow funds or raise moneys for any of the purposes of the Association and from time to time to execute, accept, endorse and deliver as evidences of such borrowing, all kinds of instruments and securities, including, but without limiting the generality of the foregoing, promissory notes, drafts, bills of exchange, warrants, bonds, debentures, property certificates, trust certificates and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment and performance of such securities by mortgage on, or pledge, conveyance, deed or assignment in trust of, the whole or any part of the assets of the Association, real, personal or mixed, including contract rights, whether at the time owned or hereafter acquired; provided that the power of the Association to mortgage its properties shall be limited as set forth in the Declaration as from time to time in force and effect. Without limiting the generality of the foregoing, the Association may from time to time borrow funds from Declarant or any affiliate thereof.

(vii) Contracts. To enter into, make, amend, perform and carry out, or cancel and rescind, contracts, leases, permits, management agreements, and concession agreements for any lawful purposes pertaining to its business. Without limiting the generality of the foregoing, the Association may enter into (a) a management contract with Declarant or DSC/Purgatory, LLC, under which all or part of its Services and Association Properties are managed by such party, and (b) contracts with persons subjecting additional land to the Declaration as provided in paragraph 2.6 thereof, which contracts may exempt such properties from any or all of the assessments, service charges and use charges for up to ten years.

(viii) Guaranties. To make any guaranty respecting securities, indebtedness, notes, interest, contracts or other obligations created by any individual, partnership, association, corporation or other entity, and to secure such guaranties by encumbrance upon any and all assets of the Association, to the extent that such guaranty is made in pursuance of the purposes herein set forth.

(ix) Loans. To lend money for any of the purposes set forth herein; to invest its funds from time to time and take and hold real and personal property as security for payment of funds so loaned or invested.

(x) Assessments. To levy General, Property, Sales and Special Assessments against the members of the Association as specifically set forth in its bylaws as from time to time in force and effect, to charge interest on unpaid assessments and to collect charges, fees, fines, penalties and interest in accordance with the Declaration and the Association's Bylaws as from time to time in force and effect and to create and enforce liens given as security for such assessments, charges, fees, fines, penalties and interest.

(xi) General Powers. To do everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objects, or the furtherance of any of the powers above set forth, either alone or in connection with other corporations, firms or individuals, and either as principal or agent, and to do every act or thing incidental or appurtenant to, or growing out of, or connected with any of the aforesaid objects, purposes or powers.

(xii) Rule Making. To make and enforce rules and regulations applicable within or pertaining to Durango Mountain Resort for the accomplishment of any of the purposes or to further any of the powers set forth above, and to amend such rules and regulations.

(xiii) Powers Conferred by Law. The foregoing enumeration of specific powers shall not limit or restrict in any manner the general powers of the Association and the enjoyment and exercise thereof as now or hereafter conferred by the laws of Colorado.

(c) Restrictions Upon Purposes and Powers. The foregoing purposes and powers of the Association are subject to the limitation that no part of the net earnings of the Association (if any) shall inure to the benefit of any member in the Association; however, this restriction shall not limit or impair the Association's right to compensate members for services rendered or for goods sold or leased to the Association.

(d) Dividends, Distribution, etc. The Association shall not pay any dividends. No distribution of the corporate assets to members (as such) shall be made. Upon dissolution of the Association, the assets shall be distributed as provided in Article XII herein.

ARTICLE V
REGISTERED OFFICE AND AGENT

The operations of the Association shall be conducted at such places within or outside of the United States as may from time to time be determined by the Board of Directors. The address of the registered and principal office of the Association is #1 Skier Place, Durango, CO 81301. The name of its registered agent at such address is Mark Seiter.

ARTICLE VI
MEMBERSHIP AND VOTING

(a) Membership.

(i) There shall be one First Class Membership in the Association attributable to fee simple title ownership of each Site. Each such First Class Membership shall be appurtenant to the fee simple title to such Site. The Owner of a Site shall automatically be the holder of the First Class Membership appurtenant to that Site and title to and ownership of the First Class Membership for that Site shall automatically pass with fee simple title to that Site. Each Owner of a Site shall automatically be entitled to the benefits and subject to the burdens relating to the First Class Membership for its Site. If fee simple title to a Site is held by more than one person or entity, the First Class Membership appurtenant to that Site shall be shared by all such persons or entities in the same proportionate interest and by the same type of ownership as fee simple title to the Site is held.

(ii) There shall be at least one First Class Membership in the Association attributable to each Leased Premises within Durango Mountain Resort which First Class Membership shall be appurtenant to the Lessee's interest in such Leased Premises. If a Lessee subleases all or any portion of his Leased Premises, the provisions of Section 6.8 of the Declaration shall determine the First Class Membership(s) pertaining to the Leased Premises. Subject to said Section 6.8 the Lessee of the Leased Premises shall automatically be the holder of the First Class Membership appurtenant to the Leased Premises and title to and ownership of the First Class Membership for such Leased Premises shall automatically pass with the Lessee's interest in the Leased Premises and shall terminate upon the termination of Lessee's interest in such Leased Premises. Each Lessee shall automatically be entitled to the benefits and subject to the burdens relating to the First Class Membership for its Leased Premises. If a Lessee's interest to a Leased Premises is held by more than one person or entity, the First Class Membership appurtenant to such Leased Premises shall be shared by all such persons or entities in the same proportionate interest and by the same type of ownership as the leasehold interest to such Leased Premises is held.

(iii) First Class Memberships in the Association shall be limited to Owners and Lessees within Durango Mountain Resort. A party may hold more than one First Class Membership and may also hold other forms of Membership.

(iv) Declarant at all times shall have and be deemed to hold a “Declarant Membership” in the Association whether or not the Declarant is an Owner or a Lessee. As the holder of this Declarant Membership, Declarant shall, in addition to all other rights granted to it hereunder including but not limited to the right to elect certain directors and to vote, be entitled to notice of all meetings of any class or combined classes of members and shall be entitled to speak and be heard at any such meetings. Except as otherwise herein stated in these articles or the Declaration, Declarant, as the holder of this Membership, shall be subject to no other obligations by reason of such Declarant Membership.

(v) DSC/Purgatory, LLC, as owner and operator of the Ski Facility, shall have and be deemed to hold a “Mountain Membership” in the Association. DSC/Purgatory, LLC, may assign its Mountain Membership with the assignment of substantially all rights to own, develop and operate such Ski Facility. In the event of such assignment, DSC/Purgatory, LLC’s, assignee shall assume all of the obligations of such Mountain Membership and DSC/Purgatory, LLC, shall thereafter be released from all obligations by reason of the Mountain Membership. The holder of the Mountain Membership shall have, in addition to all other rights granted to it hereunder including but not limited to the right to elect one director, and to vote, and it may grant its customers, agents, employees, guests, and invitees, the same easements for access, ingress and egress to and from the Ski Facility, over, upon and across Association Properties, as an Owner would have. Except as otherwise stated in these articles, the holder of the Mountain Membership under this section shall be subject to no other obligations by reason of such Mountain Membership.

(b) Voting.

(i) The Association shall have the five classes of voting membership set forth below; a member may belong to more than one class:

Class A. Class A members shall be all of the Owners of Residential Sites, or other Sites, except those who become Class B or Class C members. A Class A member shall be entitled to one vote for each Residential Site owned by such member.

Class B. Class B members shall be (a) all Owners who own a Site on which a Lodge is being operated, and (b) all Lessees who lease and operate a Lodge upon their Leased Premises. Each Class B member shall be entitled to one vote for each 100 square feet of space used in the operation of such Lodge (but excluding space which entitles an Owner or Lessee to vote as a Class A or Class C member). A Class B member may assign or delegate to the manager of such Lodge all (but not less than all) of his voting rights as a Class B member with respect to such Lodge. The Association shall recognize any such assignment or delegation of voting rights provided that, to be effective with respect to the Association, the assignment or delegation of rights shall be in writing, shall be in terms deemed satisfactorily specific by the Association, and a copy thereof shall

be filed with and approved by the Association. Except as otherwise stated in these articles, a Class B member shall not be permitted to assign or delegate any other rights or obligations hereunder. Each Class B member shall receive a minimum of one vote but shall receive no fractional vote for any Lodge area in excess of a multiple of 100 square feet.

Class C. Class C members shall be all of the Owners or Lessees of a Commercial Site. A service business conducted on a Commercial Site shall include, but not be limited to, the offering of professional services such as medical, legal, accounting and engineering, and nonprofessional services, including, but not limited to, real estate sales and management, repair, restaurants, and other services like or unlike the foregoing. A Class C member shall be entitled to one vote for each 100 square feet of space that is owned or leased by such member and used in furtherance of the operation of such business. Each Class C member shall receive a minimum of one vote but shall receive no fractional vote for any retail or service area in excess of a multiple of a 100 square foot unit.

Class D. The Declarant member shall constitute the entire Class D membership. The Class D member shall be entitled to one vote. The Class D member may at any time, give the Association notice that it wishes to resign as a member, which notice shall be accompanied by the written resignations of all Class D directors, in which case the Board of Directors shall be reduced by the number of directors the Class D member was then entitled to elect and the Class D member shall have no further rights or obligations hereunder.

Class E. The Mountain Member shall constitute the entire Class E Membership. The Class E member shall be entitled to one vote.

(ii) If a membership in any class is held by more than one person or entity, the holders thereof may vote in any manner in which they all agree as set forth in a written instrument delivered to the Association; otherwise except as set forth in the next sentence, they shall vote a fractional vote in accordance with their percentage ownership of the fee simple interest in a Site or of their interest in a lease of a Site. If a Site is owned pursuant to a "timeshare," "interval ownership" or some similar plan, the Owners entitled to use a majority of the timeshare or similar units in such Site shall designate in writing one party to vote on behalf of such Site; and in the absence of such designation the Association may vote on behalf of such Site.

(iii) At any meeting of a single class of members, such members shall be entitled to vote only the votes to which they are entitled pursuant to being members of such class. At any meeting of all classes of membership, a vote by class shall be taken, and each member shall be entitled to vote the number of votes for each class of which it is a member.. Unless a Special Majority Vote is required, all votes shall be by class and must be passed by a Majority Vote of the total number of classes for which there is a quorum.

- (iv) This Article VI may be amended only by a Special Majority Vote.

ARTICLE VII
BOARD OF DIRECTORS

(a) The control and management of the affairs of the Association and the disposition of its funds and property shall be vested in a Board of Directors consisting of not less than 4 or more than 7 directors who need not be members of the Association. At all annual meetings, the members of the Association shall elect up to 7 directors each for a term of 1 year in the manner set forth below; however, if there are no members entitled to vote in a particular class, no director shall be elected by that class.

(i) Class A members shall elect 1 director to be known as the Class A director.

(ii) Class B members shall elect 1 director to be known as the Class B director.

(iii) Class C members shall elect 1 director to be known as the Class C director.

(iv) Class D member shall elect 3 directors, each to be known as a Class D director. The Class D member may at any time give the Association written notice that it wishes to relinquish its right to appoint all or any Class D directors, which notice shall be accompanied by the written resignations of that number of Class D directors, in which case the Board of Directors shall be reduced by the number of Class D directors which resigned and the Class D member shall continue to have all other rights or obligations hereunder.

(v) Class E member shall elect one director, to be known as a Class E director. The Class E member may at any time give the Association written notice that it wishes to relinquish its director representation on the Board of Directors, which notice shall be accompanied by the written resignation of the Class E director, in which case the Board of Directors shall automatically be reduced by one.

(b) In the election of Class A, B and C directors, each member of a particular class shall have the right to vote the number of votes to which it is entitled as a member of such class for one person for the position of director of such class. A person or entity, who is a member of 2 or more of the above classes may vote in the election of the director for each class of which it is a member but for a particular class election it may vote only the number of votes to which it is entitled pursuant to being a member of such class.

(c) One or more or all of the Class A, B or C directors may be removed with or without cause by the vote of a majority of the votes of the class of members entitled to vote at an

election of such director or directors being removed. Class A, B or C director vacancies shall be filled as set forth in the Association's Bylaws. A Class D or E director may be removed by the Class D or E member respectively, with or without cause. Class D and E vacancies shall be filled by Class D and E member appointment respectively.

(d) The manner of selection or election of the Board of Directors at the annual meeting and the manner in which Class A, B and C directors vacancies, shall be filled, shall be determined according to the Bylaws from time to time in force and effect. Cumulative voting shall not be allowed in the election of directors or for any other purpose.

(e) The Board of Directors may by resolution designate no less than three of their number to constitute an executive committee which shall have and exercise all of the power of the Board of Directors in the management of the business and affairs of the Association or such lesser authority as may be set forth in such resolution. No such delegation of authority shall relieve the Board of Directors or any member of the board from any responsibility imposed by law.

(f) This Article VII may be amended only by a Special Majority Vote.

ARTICLE VIII ADDITIONS TO AND DELETIONS FROM THE PROPERTY

Additions to and deletions from the property may be made only in accordance with the provisions of the Declaration pertaining to the real property covered by the Declaration as from time to time in force and effect.

ARTICLE IX OFFICERS

The Association shall have such officers as may from time to time be prescribed by the bylaws. Their terms of office and the manner of their designation or selection shall also be determined by the Bylaws from time to time in effect.

ARTICLE X EXECUTION OF INSTRUMENTS

Authority to convey or encumber the property of the Association and to execute any deed, contract or other instrument on behalf of the Association for itself or as attorney-in-fact for one or more of the members is vested in the president or any vice president. All instruments conveying or encumbering such property (whether or not executed as such attorney-in-fact) shall be executed by the president or a vice president and attested by the secretary or an assistant secretary of the Association.

ARTICLE XI MANAGEMENT OF BUSINESS

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Association and are in furtherance of and not in limitation or exclusion of the powers granted by law:

(a) Contracts with Directors, Officers or Members. No contract or other transaction of the Association with any other person, firm or corporation shall be affected or invalidated by (i) the fact that any one or more of the directors, officers or members of the Association is interested in, or is a director, trustee or officer of another corporation, or (ii) the fact that any director, officer or member, individually or jointly with others, may be a party to or may be interested in any such contract or transaction. Each person who may become a director, officer or member of the Association is hereby relieved from any liability that might otherwise arise by reason of his contracting with the Association for the benefit of himself or any firm or corporation in which he may be in anyway interested.

(b) Board of Directors to Exercise General Power. All corporate powers except those which by law or by these articles expressly require the consent of the members shall be exercised by the Board of Directors or the executive committee.

(c) Compensation of Directors and Members. The board of directors is hereby authorized to make provision for reasonable compensation to its members and to members of the Association for their services, and to reimburse such members for expenses incurred in connection with furthering the purposes of the Association. The Board of Directors shall fix the basis and conditions upon which such compensation and reimbursement shall be paid. Any director of the Association may also serve in any other capacity and receive compensation and reimbursement for such other work.

(d) Indemnity. Each director or officer, whether or not then in office, and each person who may have served at the request of the Association as a director or officer of another corporation in which it owns capital stock or of which it is a creditor, and his personal representatives and assigns, shall be indemnified by the Association against all costs and expenses reasonably incurred by or imposed upon him in connection with or arising out of any action, suit or proceeding in which he may be involved, or to which he may be made a party by reason of his being or having been such, a director or officer (such expenses to include the cost of a reasonable settlement made with a view to curtailment of the costs of litigation), except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to have been liable for negligence or the foregoing right of indemnification shall not be exclusive of other rights to which he may be entitled as a matter of law.

(e) Liability Insurance. The Association may insure its officers and directors against certain losses which such persons may incur because of their acts or omissions as officers or directors, including, but not limited to, losses resulting from judgments, settlements and costs of litigation. Such insurance shall be limited to reasonable amounts of coverage for such officers and directors.

ARTICLE XII DISSOLUTION

The Association may be dissolved only by a Special Majority Vote. Written notice of a proposal to dissolve, setting forth the reasons therefore and the disposition to be made of the assets, as set forth below, shall be mailed to every member at least 90 days in advance of any action taken. Upon dissolution of the Association, the assets both real and personal of the corporation, shall be dedicated to an appropriate public agency or agencies or utility or utilities to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In the event that such dedication is not accepted, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. No such disposition of Association Properties shall be effective to divest or diminish any right or title of any member vested in him under the recorded covenants and deeds applicable to Durango Mountain Resort, unless made in accordance with the provisions of such covenants and deeds.

ARTICLE XIII MERGER AND CONSOLIDATION

The Association may not participate in mergers and consolidations.

ARTICLE XIV BYLAWS

The Bylaws of the Association shall be adopted by its board of directors. The board shall have power to alter, amend or repeal the bylaws. The bylaws may contain any provisions for the regulations or management of the affairs of the Association which are not inconsistent with law, the Declaration or these articles of incorporation as the same may from time to time be in force and effect.

ARTICLE XV AMENDMENT

The Association reserves the right to amend, alter, change, or repeal any provision contained in these articles of incorporation by, unless a higher or different voting requirement is set forth herein with respect to any particular provision, a Special Majority Vote at any regular or special meeting called for that purpose; provided that any such amendment shall not be inconsistent with the Declaration as from time to time in force and effect.

ARTICLE XVI

The name and address of the incorporator is:

Duke Eggleston
Crane, Leake, Ehlers, & Eggleston
102 West 18th Street
Durango, CO 81301

Dated: _____, 2003