

## **ARTICLES of INCORPORATION of EarthArt Village, a Cooperative Association**

The undersigned persons, over eighteen years old, a majority of whom are residents of the state of Colorado, acting as incorporators of a Cooperative Association under Article 55 of Title 7 of the Colorado Revised Statutes, as amended, adopt the following Articles of incorporation.

### **ARTICLE I - Name**

The name of the Cooperative Association is: **EarthArt Village.**

### **ARTICLE II - Mission Statement**

The mission of EarthArt Village is to be a model wholistic, sustainable community; living harmoniously with the Earth, sharing resources and responsibilities; and balancing the common good of the group with the well being of each member.

### **ARTICLE III - Purposes**

In accordance with its mission, the purposes of this Cooperative Association shall be:

- 1) To purchase, lease, manage and maintain land and facilities for the benefit, health and well being of the members and the residential community as a whole.
- 2) To foster, encourage and cultivate lifestyles demonstrating the learning and living of cooperation, simplicity, creative expression, and, respect for one another and the natural environment.
- 3) To honor, steward, protect and enhance the natural environment, minimizing impacts of development on the land and maximizing open space.
- 4) To encourage and develop energy efficient, ecologically-sound living, learning, working and playing environments, using sustainable design, methods and materials.
- 5) To research, develop and maintain alternative, off-grid, sustainable infrastructure, including, but not limited to: common food, energy, water and waste management systems.
- 6) To establish, organize, equip, own, operate, manage, encourage, maintain, carry on and conduct endeavors including, but not limited to: member-managed agriculture and businesses, cooperative purchasing programs, publications, research projects and community artistic and cultural activities.
- 7) To provide a living context and example for educational demonstration of sustainable community living - socially, spiritually, economically and environmentally.
- 8) To engage in any activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of its purposes as allowed by law for Cooperative Associations, for the mutual benefit of its members.

In furtherance of the foregoing purposes, the Cooperative Association shall have and may exercise all of the rights, powers and privileges now or hereafter conferred upon Cooperative Associations organized under the laws of Colorado. In addition, it may do everything necessary, suitable or proper for the accomplishment of any of its Cooperative Association purposes, in Colorado or elsewhere.

**ARTICLE IV - Registered Office and Registered Agent**

The address of the initial principal place of business and registered office of the Cooperative Association is:

274 North Willow Street, P.O. Box 315, Crestone, CO 81131-0315.

The name and address of its initial Registered Agent is:

Linda Joseph            274 North Willow Street, P.O. Box 315, Crestone, CO 81131-0315

**ARTICLE V - Cooperative Association Existence**

The Cooperative Association shall have perpetual existence.

**ARTICLE VI - Board of Directors**

The number, qualifications and powers of directors of this Cooperative Association shall be determined in accordance with the by-laws from time to time in force, except in no event shall there be fewer than three (3) directors.

The directors shall serve for three (3) year terms, except that, the terms of the initial board shall be staggered as further defined in the by-laws.

The manner of election or appointment of directors shall be determined according to the by-laws of the Cooperative Association from time to time in force.

**ARTICLE VI - Capital Stock**

The Cooperative Association is organized with capital stock, the total authorized amount of which is forty-eight (48) shares, constituting a single class of shares, each share having a par value of \$27.

Shares shall be issued only in connection with the Cooperative Association’s provision of the right to build and occupy a building or other dwelling owned or leased by the Cooperative Association, as further defined in the subscription agreement, membership documents and by-laws of the Cooperative Association from time to time in force.

The common stock of the Cooperative Association may be held only by a member of the Cooperative Association.

**ARTICLE VII - Membership**

The number of memberships authorized is forty-eight (48). The capital subscription of each is \$108. The method of determining property rights and interests of each member without capital stock shall be by agreement, and shall be pursuant to such uniform conditions as may be prescribed in the by-laws of the Cooperative Association. The voting rights of the members shall be equal, and no member shall have more than one vote, regardless of the number of shares owned by such shareholder.

**ARTICLE VIII - Cooperative Association Incorporators**

The names and addresses of those persons, all of whom are residents of Colorado, filing the articles of incorporation are:

Carl Huffman            274 North Willow Street, CO 81131-0315

Linda Joseph            274 North Willow Street, CO 81131-0315

## **ARTICLE IX - By-laws**

The initial bylaws of the Cooperative Association shall be as adopted by the Board of Directors. The Board of Directors shall have power to alter, amend or repeal the bylaws from time to time in force and adopt new bylaws. The bylaws of the Cooperative Association may contain any provisions for the regulation or management of the affairs of the Cooperative Association that are not inconsistent with law or these articles of incorporation, as these articles may from time to time be amended. However, no bylaw at any time in effect, and no amendment to these articles, shall have the effect of giving any director or officer of the Cooperative Association any proprietary interest in the Cooperative Association's property or assets, whether during the term of the Cooperative Association's existence or as an incident to its dissolution.

The By-Laws of the Cooperative Association may include provisions which restrict the facility with which shares in the Cooperative Association may be transferred, assigned, or otherwise used, including , but not limited to:

To further the purposes of the Cooperative Association, the by-laws and membership documents of the Cooperative Association may include provisions which restrict the facility with which shares in the Cooperative Association may be transferred, assigned, or otherwise used, including but not limited to the following:

- 1) In the event the shareholder shall cease to be a member of the Cooperative Association, such shareholder shall have no rights or privileges on account of such stock, or vote or voice in the management or affairs of the Cooperative Association, other than the right to participate in accordance with law in case of dissolution.
- 2) The Cooperative Association shall have the first right of refusal to purchase the shares being offered for sale by a shareholder upon such terms and conditions as defined in the by-laws from time to time in force, at its book value, plus a sum no greater than the current market value of any improvements made by the departing member, as determined by the board of directors.
- 3) The Cooperative Association shall have a lien on any common stock issued to a member for all indebtedness, if any, of the member to the Cooperative Association.
- 4) The Board of Directors shall have the authority before an assignment or transfer of shares takes effect, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Cooperative Association, a service fee of the Cooperative Association, and other such conditions or transfer fees as in its discretion it may determine are necessary in connection with each such proposed assignment or transfer.
- 5) Upon the transfer of shares, the shareholder may be obligated to pay to the Cooperative Association a transfer fee, which shall represent a percentage of the profit to be realized by the shareholder upon such transfer.
- 6) If a shareholder shall be indebted to the Cooperative Association, the directors may refuse to consent to a transfer of the shareholder's shares until such indebtedness is paid.
- 7) If shares are jointly owned, the joint shareholders shall decide among themselves how to cast the one vote entitled to be cast.
- 8) Subletting individual living units or any portion thereof may be restricted. A shareholder must have approval from the Directors prior to subletting a unit or any portion of a unit. Subsequently, a

shareholder must seek annual approval of the Directors to continue said sublet.

9) A special fee may be placed upon any sublet at the Directors' discretion.

10) Special fees may be imposed upon any living unit containing an excessive number of occupants.

11) No holder of any shares of the Cooperative Association shall as such holder have any preemptive right or be entitled as a matter of right to subscribe for or to purchase any other shares which at any time may be sold or offered for sale by the Cooperative Association. Any and all such unissued shares and such additional authorized issuance of new shares may be issued, allotted and disposed of to such persons and for such lawful consideration, and upon such terms as the Board of Directors may deem advisable and for the best interest of the Cooperative Association.

**ARTICLE X - Additional Provisions**

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Cooperative Association, and the same are in furtherance of and not in limitation of the powers conferred by law.

1) No contract or transaction between the Cooperative Association and one or more of its directors, or between the Cooperative Association and any other Cooperative Association, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for that reason or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes, approves, or ratifies the contract or transaction or solely because his or their votes are counted for such purpose if:

a. The material facts as to their relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes, approves, or ratifies the contract or transaction by an affirmative vote of the disinterested directors, even though the disinterested directors are less than a quorum; or

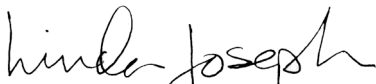
b. The material facts as to their relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders and members entitled to vote thereon, and the contract or transaction is specifically authorized, approved, or ratified in good faith by vote of the shareholders and members; or


c. The contract or transaction was fair as to the Cooperative Association.

2) A director acting in his capacity as director for the Cooperative Association shall have no personal liability to the Cooperative Association or to its members or stockholders for monetary damages for breach of fiduciary duty as a director; except the director shall remain liable for any breach of the director's duty of loyalty to the Cooperative Association or its members or stockholders; acts or omissions not in good faith or which involve intentional misconduct or knowing violations of law; or any transaction from which the director derived an improper personal benefit.

Dated at Crestone, Colorado this 31st day of August, 1998.

In witness whereof, we have hereunto subscribed our names-

  
\_\_\_\_\_  
Linda Joseph, Incorporator

  
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Carl Huffman, Incorporator