

NONPROFIT

ARTICLES OF INCORPORATION  
OF  
THE TERRACE HOMEOWNERS ASSOCIATION B, INC.

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The undersigned hereby signs and acknowledges, for delivery in duplicate to the Secretary of State of Colorado, these Articles of Incorporation for the purpose of forming a nonprofit corporation under the Colorado Nonprofit Corporation Act.

I.

NAME

1.1 Name. The name of the corporation shall be The Terrace Homeowners Association B, Inc. (the "Association").

II

DURATION

2.1 Duration. The period of duration of the corporation shall be perpetual.

III.

PURPOSES AND POWERS

3.1 General Purpose. The Association is organized to be and constitute the Association to which reference is made in the Declaration of Protective Covenants and Restrictions of The Terrace Filing No. II (the "Declaration"). The Declaration has been executed by The Terrace Limited, a Colorado limited partnership ("Declarant"). The Declaration has been recorded in the office of the Clerk and Recorder of Eagle County, Colorado. The Declaration relates to real property in the Town of Eagle, Eagle County, Colorado, which has been made subject to the Declaration. The Association is not organized in contemplation of pecuniary gain or profit to its members. Capitalized terms which are used in these Articles of Incorporation but are not otherwise defined herein, shall have the same meaning as any similarly capitalized term defined in the Declaration.

3.2 Specific Purposes. The specific purposes for which the Association is organized are:

(a) To exercise all of the rights, powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration or in any amendment to the Declaration.

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(b) To provide for maintenance, preservation and architectural control in The Terrace, Filing II, as provided in the Declaration.

(c) To promote, foster, and advance the common interests of Owners within The Terrace, Filing II.

(d) To fix, levy, collect and enforce payment of, by any lawful means, assessments and other amounts payable by or with respect to Owners within The Terrace, Filing II as provided in the Declaration.

(e) To manage, maintain, repair and improve The Terrace, Filing II, and to perform services and functions for or relating to The Terrace, Filing II, all as provided in the Declaration.

(f) To enforce covenants, restrictions, conditions and equitable servitudes affecting The Terrace, Filing II, as provided in the Declaration.

(g) To make and enforce rules and regulations with respect to the interpretation and implementation of the Declaration and the use of any property within The Terrace, Filing II.

(h) To establish and maintain The Terrace, Filing II as residential property of the highest quality and value, and to enhance and protect its desirability and attractiveness.

Each purpose specified herein is an independent purpose and is not to be restricted by reference to or inference from the terms of any other purpose.

3.3 Powers. The Association shall have all of the powers which a nonprofit corporation may exercise under the Colorado Nonprofit Corporation Act and the laws of the State of Colorado in effect from time to time, subject only to such limitations upon such powers as may be set forth in these Articles of Incorporation, the Declaration or the Bylaws of the Association.

#### IV.

##### REGISTERED OFFICE AND AGENTS

4.1 Initial Registered Office and Registered Agent. The initial registered office of the Association shall be at 143 E. Meadow Drive. 31657 This office is in Vail, Colorado. The initial registered agent of the Association, whose business office is identical with such registered office, is Tim Garton.

V.

BOARD OF DIRECTORS

5.1 Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The duties, qualifications, number and term of directors and the manner of their election, appointment and removal shall be as set forth in the Bylaws.

5.2 Initial Board of Directors. The number of the first Board of Directors shall be three. The names and addresses of the persons who are to serve as the initial directors are as follows:

<u>Name</u>	<u>Address</u>
Tim Garton	143 E. Meadow Drive Vail, Colorado 81657
David Garton	143 E. Meadow Drive Vail, Colorado 81657
Randy Johnson	2077 N. Frontage Road Vail, Colorado 81657

5.3 Limitation on Liability. Subject to the provisions of the Declaration, a director of the Association shall not be personally liable to the Association or to its members for monetary damages for breach of fiduciary duty as a director except as follows. This provision shall not eliminate or limit the liability of a director to the Association or to its members for monetary damages for (a) any breach of the director's duty of loyalty to the Association or to its members; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (c) acts specified in Section 7-24-111 of the Colorado Nonprofit Corporation Act; or (d) any transaction from which the director derived any improper personal benefit. If the Colorado Nonprofit Corporation Act hereafter is amended to eliminate or limit further liability of a director, then a director of the Association, in addition to the circumstances in which a director shall not be personally liable as set forth above, shall not be liable to the fullest extent permitted by the Colorado Nonprofit Corporation Act as so amended. Any repeal or modification of this Section 5.3 by the Board of Directors or the members of the Association shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.

VI.

INCORPORATOR

6.1 Incorporator. The name and address of the incorporator is as follows:

<u>Name</u>	<u>Address</u>
Larry Eskwith	108 S. Frontage Road West Suite 307 Vail, Colorado 81657

VII.

MEMBERS AND VOTING RIGHTS

7.1 Membership. Every owner of a Lot shall be a member of the Association and shall remain a member so long as such Owner owns a Lot. No person or entity who is not an Owner shall be a member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot. Upon the transfer of a Lot, the membership in the Association and all rights of the transferor Owner with respect to the Common Properties, and any facilities located thereon to which ownership of such Lot relates, shall automatically transfer to the transferee Owner. Each Owner shall be entitled automatically to the benefits and subject to the burdens relating to membership in the Association. If fee simple title to a Lot is held by more than one person or entity, each such person or entity shall be a member of the Association, but the aggregate voting rights of such persons and/or entities shall be as specified in Section 7.2 of these Articles of Incorporation without regard to the number of persons or entities sharing such ownership.

7.2 Voting. The Owner (or Owners collectively, if more than one) of each Lot shall be entitled to the number of votes set forth in the Declaration.

7.3 Quorum. The presence in person or by proxy of sixty percent (60%) of the votes entitled to be cast at a meeting of the members of the Association shall constitute a quorum for the transaction of business. Except as otherwise provided in the Bylaws of the Association or in the Declaration, an affirmative vote of a majority of the votes represented (in person or by proxy) at a meeting at which a quorum is present shall be binding on all Owners.

7.4 Proxies. Votes may be cast in person or by proxy. A proxy must be in writing and must be filed with the Secretary of the Association before the beginning of the meeting of the members at which

it is to be exercised, but the individual authorized by proxy to vote on a member's behalf need not be a member. Any proxy that fails to specify a longer duration shall be deemed to be valid only for purposes of the meeting in connection with which it is filed.

#### VIII.

##### DISSOLUTION

Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of any county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

#### IX.

##### MISCELLANEOUS

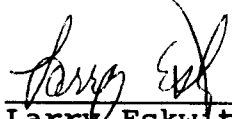
9.1 Bylaws. The Association shall have the power to make and alter Bylaws, not inconsistent with these Articles of Incorporation, the laws of the State of Colorado and the Declaration, for the administration and regulation of the affairs of the corporation. The initial Bylaws of the Association shall be adopted by the Board of Directors. The power to alter, amend or repeal the Bylaws or adopt new Bylaws shall be vested in the Board of Directors, except as may be provided in the Bylaws.

9.2 Amendment of Articles. The Association may amend these Articles of Incorporation from time to time in accordance with the provisions contained in the Bylaws and with the Colorado Nonprofit Corporation Act in any and as many respects as may be desired so long as the Articles of Incorporation as amended contain only such provisions as are lawful under that Act and so long as the Articles of Incorporation as amended shall not be contrary to or inconsistent with any provision of the Declaration.

9.3 Merger or Consolidation. A plan of merger or consolidation, providing for merger or consolidation of the Association with another Colorado nonprofit corporation having, with respect to real property adjacent to the Property, powers, duties and purposes analogous to those of the Association, may be adopted by the Board of Directors of the Association, subject to any limitations set forth in the Declaration. A plan of merger or consolidation with any other corporation may be

adopted only by unanimous vote of the members of the Association.

IN WITNESS WHEREOF, these Articles of Incorporation are and executed this 11 day of March, 1994.

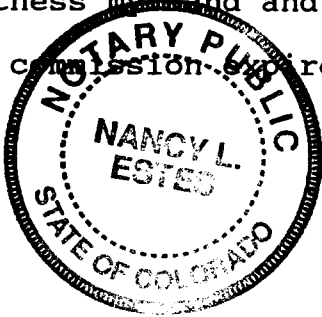
  
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Larry Eskwith

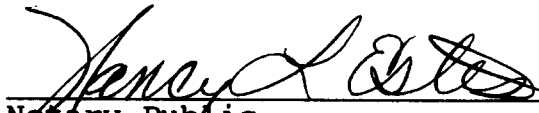
STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF EAGLE    )

The foregoing instrument was acknowledged before me this 11<sup>th</sup> day of March, 1994 by Larry Eskwith (Incorporator).

Witness my hand and official seal.

My commission expires: 5/7/94



  
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Notary Public