

ARTICLES OF INCORPORATION OF  
TRAILS EAST HOMEOWNERS ASSOCIATION, INC.

(a Colorado Nonprofit Corporation)

The person listed below in Article XI, acting as incorporator of Trails East Homeowners Association, Inc., a Colorado nonprofit corporation (the "Corporation") under Colorado Revised Statutes, Title 7, Articles 121-137, as amended from time to time (the "Colorado Revised Nonprofit Corporation Act"), adopts the following Articles of Incorporation for such Corporation. Capitalized terms not otherwise defined herein shall have those meanings set forth in the Declaration of Covenants, Conditions and Restrictions of Trails East, LLC, recorded in the records of the Clerk and Recorder of the County of El Paso, Colorado (as amended, modified or supplemented from time to time, the "Declaration").

ARTICLE I. NAME

The name of the Corporation is TRAILS EAST HOMEOWNERS ASSOCIATION, INC.

Initial Principal Office: 13530 Northgate Estates Dr., Colorado Springs, CO 80921.

ARTICLE II. DURATION

The period of its duration shall be perpetual.

ARTICLE III. PURPOSES

The business, objects and purposes for which the Corporation is organized are for the acquisition, construction, management, maintenance and care of "association property" (as that term is used and defined in Section 528 of the Internal Revenue Code and its regulations), including, but not limited to, the following:

1. To be and constitute the Association to which reference is made in the Declaration made by Trails East, LLC, a Colorado limited liability company (hereinafter it and its successors and assigns are referred to as the "Declarant") pursuant to the Colorado Revised Nonprofit Corporation Act and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association described in the Declaration.

2. To provide an entity for the furtherance of the interests of all Owners, including the Declarant named in the Declaration, with the objective of establishing and maintaining the Community Area as a residential project of the highest possible quality and value and enhancing and protecting its value, desirability and attractiveness, and to promote the health, safety and welfare of the residents within the Community Area and any additions thereto as may hereafter be brought within the jurisdiction of the Corporation for this purpose.

ARTICLE IV. INUREMENT, DISSOLUTION AND POWERS

No part of the income or net earnings of the Corporation shall inure to the benefit of ,or be

distributable to, any Member, director or officer of the Corporation or to any other private individual (except that: (i) reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes; (ii) reimbursement may be made for any expenses incurred for the Corporation by any officer, director, Member, agent or employee, or any other person or corporation, pursuant to and upon authorization of the Board of Directors (as defined in Article VI below); and (iii) rebates of excess membership dues, fees, or Assessments may be paid).

In the event of dissolution of the Corporation, the property and assets thereof remaining after providing for all obligations shall then be distributed pursuant to the Colorado Revised Nonprofit Corporation Act. Any such assets not so disposed of shall be disposed of by the District Court for the County in which the principal office of the Corporation is then located exclusively for such purposes or to such organizations as the District Court shall determine which are organized and operated exclusively for such nonprofit purposes.

In furtherance of its purposes, the Corporation shall have all of the powers conferred upon nonprofit corporations by the statutes and common law of the State of Colorado in effect from time to time, including all of the powers necessary or desirable to perform the obligations and duties and exercise the rights and powers of the Corporation under the Declaration which will include, but shall not be limited to, the following:

1. The Corporation shall have all of the powers, authority and duties permitted pursuant to the Colorado Revised Nonprofit Corporation Act;
2. The Corporation shall have all of the powers, authority and duties necessary and proper to manage the business affairs of the Community Area; and
3. Subject to applicable law, the Corporation shall have all of the powers, authority and duties necessary and proper to acquire, own, operate, construct, manage, lease, maintain, care for, sell, encumber and otherwise deal with the Community Area.

## ARTICLE V. MEMBERSHIPS

The Corporation shall have Members and the proxy system of voting by Members shall be permitted pursuant to the Declaration and the Bylaws of the Corporation ("Bylaws").

## ARTICLE VI. BOARD OF DIRECTORS

Except where otherwise provided in the Declaration, the Bylaws, and the Colorado Revised Nonprofit Corporation Act, the business and affairs of the Corporation shall be conducted, managed and controlled by its board of directors (the "Board of Directors"). The Board of Directors shall consist of not less than two nor more than five members, the specific number to be set forth from time to time in the Bylaws (each, a "Director" and collectively, "Directors"). Directors shall be Owners which, in the case of corporate or other entity Owners, may include the members, managers, officers, directors, agents or employees of such corporate or other entity Owners.

Each Director shall serve for one year. At the expiration of the initial term of office of each

respective Director, his successor shall be elected to serve a term of two years. If more than three Directors are to be elected, at least one-third of the Directors shall be elected annually.

The number of Directors constituting the initial Board of Directors is two, and the names and addresses of the Persons who shall serve until the first election of Directors and until their successors are duly elected and qualified are as follows:

Richard Vorwaller, 13570 Northgate Estates Dr., Colorado Springs, CO 80921

Isa Block, 13570 Northgate Estates Dr., Colorado Springs, CO 80921

In the Declaration, the Declarant has reserved the right to appoint and remove officers and Directors during the period of Declarant Control. After the period of Declarant Control, the Board of Directors shall be elected by all Unit Owners. Period of Declarant Control shall mean the first to occur of: i) a period of fifteen (15) years commencing on the date of recordation of the Declaration; ii) the date when Declarant no longer owns any real property within the Community Area; or iii) the date when Declarant records a document terminating the Period of Declarant Control in the records of El Paso County, Colorado.

Directors shall be otherwise elected at the annual meeting of the Members in the manner provided for in the Bylaws.

Directors may be removed and vacancies of the Board of Directors shall be filled in the manner to be provided in the Bylaws.

#### ARTICLE VII. OFFICERS

The Board of Directors may appoint a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board of Directors believes will be in the best interest of the Corporation (each, an "Officer" and collectively, "Officers"). As provided in the Bylaws, any two or more offices may be held by the same Person, except the offices of President and Secretary. The Officers shall have such duties as may be prescribed in the Bylaws and shall serve at the pleasure of the Board of Directors.

#### ARTICLE VIII. INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Corporation shall be: 13530 Northgate Estates Dr., Colorado Springs, CO 80921. The initial registered agent at such office shall be Brian Page.

#### ARTICLE IX. ELIMINATION OF CERTAIN LIABILITIES OF DIRECTORS

There shall be no personal liability, either direct or indirect, of any Director of the Corporation to the Corporation or to its Members for monetary damages for any breach or breaches of fiduciary duty as a Director; provided, however, that this provision shall not eliminate the liability of a Director to the Corporation or to its Members for monetary damages for

any breach, act, omission or transaction as to which the Colorado Revised Nonprofit Corporation Act prohibits expressly the elimination of liability. This provision shall not limit the rights of Directors of the Corporation for indemnification or other assistance from the Corporation in accordance with applicable law. This provision shall not restrict or otherwise diminish the provisions of C.R.S. § 13-21-116(2)(b) (concerning no liability of directors except for wanton and willful acts or omissions), any amendment or successor provision to such Section, or any other law limiting or eliminating liabilities. Any repeal or modification of the foregoing provisions of this Article by the Members of the Corporation or any repeal or modification of the provision of the Colorado Revised Nonprofit Corporation Act which permits the elimination of liability of Directors by this Article shall not affect adversely any elimination of liability, right or protection of a Director of the Corporation with respect to any breach, act, omission, or transaction of such Director occurring prior to the time of such repeal or modification.

#### ARTICLE X. AMENDMENTS

The HOA reserves the right to amend, alter, or change any provision in these Articles by a vote of at least two-thirds ( $2/3^{\text{rd}}$ ) of the votes of the HOA present at any regular or special meeting of the Members of the HOA at which a quorum is present, provided however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with any provision of the Declaration.

#### ARTICLE XI. INCORPORATOR

The name and address of the Incorporator of the Corporation is Vanessa Amoruso, 13530 Northgate Estates Dr., Colorado Springs, CO 80921.