

**ARTICLES OF INCORPORATION
OF
HIGHLANDS PARK PROPERTY OWNERS' ASSOCIATION, INC.**

The undersigned adult, natural person, acting as incorporator, hereby establishes a nonprofit corporation pursuant to the Colorado Revised Nonprofit Corporation Act and the following articles of incorporation:

**ARTICLE I
NAME**

The name of the corporation is Highlands Park Property Owners' Association, Inc. For purposes of these Articles, the corporation is hereinafter referred to as the Association.

**ARTICLE II
DURATION**

The Association shall have perpetual existence.

**ARTICLE III
REGISTERED OFFICE AND AGENT
PRINCIPAL OFFICE**

The address of the initial registered office of the Association is 0069 Marksberry Way, P.O. Box 8029, Breckenridge, Colorado 80424. The name of the Association's initial registered agent at such address is Kenneth M. Adams. Either the registered office or the registered agent may be changed in the manner provided by law. The address of the initial principal office of the Association is 0069 Marksberry Way, P.O. Box 8029, Breckenridge, Colorado 80424.

**ARTICLE IV
DEFINITIONS**

Any capitalized terms used in these Articles that are not defined in these Articles have the meanings given to them in the Declaration of Land Use Restrictions for Highlands Park, as amended and supplemented from time to time, and as recorded in the real property records of Summit County, Colorado (the "Declaration").

**ARTICLE V
MEMBERSHIP AND VOTING**

5.01 Membership.

(a) There shall be one Membership appurtenant to each Lot. The Membership appurtenant to a Lot shall be held by the Owners of that Lot and may not be separated from the Lot to which it is appurtenant.

(b) Any Membership appurtenant to a Lot having more than one Owner shall be shared by such Owners, and each such Owner shall be a member of the Association.

5.02 Voting.

The Association shall have voting members, as provided in the Declaration and the Bylaws of the Association.

ARTICLE VI PURPOSES AND POWERS

6.01 Purposes and Powers.

The Association's purposes and powers are as set forth in the Declaration, including Section 4.2 of the Declaration. Without in any way limiting the generality of the foregoing, the Association may, but is not obligated to:

- (a) adopt and amend the Articles (as provided herein), the Bylaws and the Rules and Regulations;
- (b) adopt and amend budgets for revenues, expenditures and reserves, and collect Assessments;
- (c) hire and fire managing agents and other employees, agents and contractors;
- (d) institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Subdivision;
- (e) make contracts and incur liabilities;
- (f) regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- (g) cause additional improvements to be made part of the Common Elements;
- (h) acquire, hold, encumber and convey in its own name any right, title or interest in real or personal property;

- (i) grant easements, leases, licenses and concessions across, through, under or over the Common Elements;
- (j) impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements;
- (k) impose charges for late payments of Assessments, recover reasonable attorneys' fees and disbursements and other costs of collection for Assessments and other actions to enforce the rights of the Association, regardless of whether suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines and impose reasonable penalties for violations of Association Documents or any of them;
- (l) impose reasonable charges for the preparation and recordation of amendments to this Declaration or statements of unpaid Assessments;
- (m) provide for the indemnification of the Association's officers and directors and maintain directors' and officers' liability insurance;
- (n) assign its right to future income, including its right to receive Assessments;
- (o) provide or procure any services necessary for the safety or security of the Property, Owners, guests or visitors;
- (p) approve, install, maintain, repair and replace signage (except as otherwise provided in the Declaration);
- (q) provide or procure landscaping services within the Subdivision;
- (r) plan, arrange and hold recreational activities for the benefit of Owners, residents and their guests;
- (s) become a member of another property owners' association or other similar associations;
- (t) exercise any other powers expressly or implicitly conferred on it by the Association Documents or any of them;
- (u) exercise all other powers that may be exercised in Colorado by nonprofit corporations; and
- (v) exercise any other powers necessary or proper for the governance and

operation of the Association.

6.02 Restrictions on Purposes and Powers.

The purposes and powers of the Association described above are subject to the following limitations:

(a) The Association shall be organized and operated exclusively for nonprofit purposes.

(b) No part of the net earnings of the Association shall inure to the benefit of any Owner, except as expressly permitted below with respect to the dissolution of the Association.

(c) The Association shall not pay any dividends. No distribution of the Association's assets shall be made until all of the Association's debts are paid, and then only upon the final dissolution of the Association as approved pursuant to the Declaration.

ARTICLE VII
BOARD OF DIRECTORS

7.01 Board of Directors.

(a) The business and affairs of the Association shall be controlled, conducted and managed by the Board of Directors, except as otherwise provided by law or any Association Document.

(b) Except as provided by law or any Association Document, the Board of Directors may act on behalf of the Association in all instances. The Board of Directors may not however, act on behalf of the Association to:

(i) amend the Declaration;

(ii) terminate the planned community created pursuant to the Declaration;

(iii) elect Directors to the Board of Directors, other than to fill a vacancy for the unexpired portion of the term of a Director; or

(iv) determine the qualifications, powers and duties, or terms of office, of Directors.

(c) The Board of Directors shall consist of not less than three Directors,

the exact number of Directors to be as set forth in the Bylaws. In the absence of a provision in the Bylaws fixing the number of Directors, the number will be four.

(d) The members of the board of directors shall be divided into two classes, each class to be as nearly equal in number as possible. The members of the first class shall hold office until the first annual meeting of the Owners held after their initial election and the members of the second class shall hold office until the second annual meeting of the Owners held after their initial election. At all annual elections thereafter, the number of directors equal to the number of the class whose term then expires shall be elected by the Owners for a term of two years to succeed the directors of such class whose term then expires; provided that nothing herein shall be construed to prevent the election of a director to succeed himself, and nothing herein shall be construed to limit the Declarant’s right to appoint and remove directors as provided in the Declaration.

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

<u>Name</u>	<u>Address</u>
Kenneth M. Adams	0069 Marksberry Way P.O. Box 8029 Breckenridge, Colorado 80424
Nick J. Hackstock	0069 Marksberry Way P.O. Box 8029 Breckenridge, Colorado 80424
Don M Nilsson	0069 Marksberry Way P.O. Box 8029 Breckenridge, Colorado 80424
Carla M. Doarn	0069 Marksberry Way P.O. Box 8029 Breckenridge, Colorado 80424

ARTICLE VIII
LIABILITY AND INDEMNIFICATION

8.01 Limits on Directors' Liability.

To the fullest extent permitted by law, a Director shall not be liable to the Association or the Owners for monetary damages for breach of fiduciary duty. Any repeal or

modification of this Section 8.01 shall be prospective only and shall not adversely affect any right or protection of a Director existing at the time of such repeal or modification.

8.02 Indemnification.

To the fullest extent permitted by law, the Association shall indemnify each Director and each officer, employee, fiduciary and agent of the Association.

ARTICLE IX
BYLAWS

The Board of Directors shall have the power to alter, amend or repeal the Bylaws from time to time in force and adopt new Bylaws. The Bylaws of the Association may contain any provisions for the regulation or management of the affairs of the Association that are not inconsistent with law, the Declaration or these Articles.

ARTICLE X
DISSOLUTION

Upon payment of all of the Association's debts and final dissolution, any remaining assets of the Association shall be distributed among the Owners in proportion to the respective allocation of Common Expenses appurtenant to each Lot.

ARTICLE XI
AMENDMENT

The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles by the vote of the holders of more than 67 percent of the votes of all Memberships at any regular or special meeting called for that purpose at which a quorum shall be represented.

ARTICLE XII
INCORPORATOR


The name and address of the incorporator is:

Kenneth M. Adams
0069 Marksberry Way
P.O. Box 8029
Breckenridge, Colorado 80424

Dated: May 11, 2000

Incorporator

The undersigned hereby consents to his appointment as the initial registered agent of the Association.



Kenneth M. Adams