

**ARTICLES OF INCORPORATION  
OF  
TOWNHOMES AT OLD TOWN NORTH HOMEOWNERS ASSOCIATION  
(a Colorado Nonprofit Corporation)**

The person listed below in Article XI, acting as incorporator of the Townhomes at Old Town North Homeowners Association, a Colorado nonprofit corporation (the “Corporation”) under the 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 the meanings set forth in the Declaration of Covenants, Conditions and Restrictions for Townhomes at Old Town North to be recorded in the Office of the Clerk and Recorder for Larimer County, Colorado, and any supplement or amendment thereto (the “Declaration”).

**ARTICLE I  
NAME**

The name of the Corporation is TOWNHOMES AT OLD TOWN NORTH HOMEOWNERS ASSOCIATION.

Initial Principal Office: 333 W. Drake Road, Suite 142, Fort Collins, Colorado 80526.

**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 to be made, executed and recorded by Jerome St., 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 Colorado

Revised Statutes, Title 38, Article 33.3 (as amended from time to time, hereinafter referred to as the “Colorado Common Interest Ownership Act”), and to perform all obligations and duties of the Corporation and to exercise all rights and powers of the Corporation described in said Declaration, as it may be amended from time to time.

2. To provide an entity for the furtherance of the interests of all of the Owners, including the Declarant named in the Declaration, with the objective of establishing and maintaining the Townhomes at Old Town North 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 Townhomes at Old Town North 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; 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 at Article 134, and if the Common Interest Community (as defined in the Colorado Common Interest Ownership Act) is terminated, then pursuant to the Colorado Common Interest Ownership Act at Section 38-33.3-218.

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. Such powers shall 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 and the Colorado Common Interest Ownership Act;

2. The Corporation shall have all of the powers, authority and duties necessary and proper to manage the business affairs of the Common Interest Community, including without limitation those conferred upon it by the Declaration, as it may be amended from time to time;

3. Subject to applicable law, the Corporation shall have all of the powers, authority and duties necessary and proper to acquire, own, operate, improve, maintain, repair, replace, manage, lease, encumber and otherwise deal with the Common Areas, as defined in the Declaration.

4. The Corporation shall be prohibited from engaging in any regular business or activity of a kind ordinarily carried on for profit.

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, the Colorado Revised Nonprofit Corporation Act or the Colorado Common Interest Ownership Act (see, e.g., C.R.S. § 38-33.3-303(3) (executive board cannot amend the Declaration, terminate the Common Interest Community, elect directors, or determine powers, qualifications, duties or terms of directors other than filling vacancies)), the affairs of the Corporation shall be conducted, managed and governed by its board of directors (the “Board of Directors”). The duties, qualifications, number and term of members of the Board of Directors (the “Directors”) and the manner of their election and removal shall be as set forth in the Bylaws.

The initial Board of Directors shall consist of up to three (3) members. 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:

<u>Name</u>	<u>Address</u>
Kay Osentowski	216 E. Oak Street, Fort Collins, CO 80524
Spencer Douthit	216 E. Oak Street, Fort Collins, CO 80524

In the Declaration, Declarant has reserved the right to appoint and remove directors until the date which is the earlier of (a) sixty (60) days after conveyance of 75% of the Units that may be created to Owners other than Declarant; or (b) two (2) years after the last conveyance of a Unit by Declarant in the ordinary course of business (the “Turnover Date”).

During the Period of Declarant Control: (a) Not later than sixty (60) days after conveyance of 25% of the Units that may be created to Owners other than Declarant, at least one member and not less than 25% of the members of the Board of Directors shall be elected by Owners other than Declarant; and (b) not later than sixty (60) days after the conveyance of 50% of the Units that may be created to Owners other than Declarant, not less than 33-1/3% of the members of the Board of Directors will be elected by Owners other than Declarant.

At any time prior to the Turnover Date, the Declarant may voluntarily surrender and relinquish the right to appoint and remove officers and members of the Board of Directors. In such event, Declarant may require, for the duration of the period of Declarant's control, that specified actions of the Corporation or the Board of Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective. As to such actions, Declarant may give its approval or disapproval in its sole discretion and option, and its disapproval shall invalidate any such action by the Board of Directors or the Corporation. Not later than the Turnover Date, the owners (including Declarant) shall elect a Board of Directors of at least three (3) members, at least a majority of whom must be Owners other than the Declarant, and the Board of Directors shall elect the officers, with Directors and officers to take office upon termination of the period of Declarant's control.

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 provided for 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 address of the initial registered office of the Corporation shall be at 333 W. Drake Road, Suite 142, Fort Collins, Colorado 80526. The initial registered agent at such address shall be Metro District Management, LLC, 333 W. Drake Road, Suite 142, Fort Collins, Colorado 80526.

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; except 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 or the Colorado Common Interest Ownership 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 Colorado Revised Statutes, Section 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, such as C.R.S. § 38-33.3-303(2) (fiduciary duties of officers and directors if appointed by Declarant; if not appointed, then no liability except for wanton and willful acts or omissions). 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  
AMENDMENT OF ARTICLES; CONFLICTS

These Articles of Incorporation may be amended from time to time in the manner set forth in the Colorado Revised Nonprofit Corporation Act, provided always that such amendments are consistent with the terms and provisions of the Declaration.

In the event of a conflict between the terms and provisions of these Articles and the terms and provisions of the Declaration, the terms and provisions of the Declaration shall govern and control.

In the event of a conflict between the terms and provisions of these Articles and the terms and provisions of the Bylaws adopted by the Board of Directors, the terms and provisions of these Articles shall govern and control.

ARTICLE XI  
INCORPORATOR

The name and address of the incorporator is Kay Osentowski, 216 E. Oak Street, Fort Collins, CO 80524.

ARTICLE XII

The name and address of the individual who causes this document to be delivered for filing, and to whom the Secretary of State may deliver notice if filing of this document is refused is Danaly Howe, 333 W. Drake Road, Suite 142, Fort Collins, CO 80526, danaly@mdmoffice.com.