

**NONPROFIT CORPORATION
ARTICLES OF INCORPORATION
OF FOSSIL LAKE HOMEOWNERS ASSOCIATION, INC.**

Pursuant to the provisions of the Colorado Nonprofit Corporation Act, the Fossil Lake Homeowners Association adopts the following Articles of Incorporation (the "Articles").

**ARTICLE 1
NAME**

The name of the corporation is Fossil Lake Homeowners Association, Inc., hereinafter known as the "Association".

**ARTICLE 2
REGISTERED OFFICE, REGISTERED AGENT AND
INITIAL BOARD OF DIRECTORS**

The address of the Association's current registered office and the name of the registered agent at that address is as follows:

Registered Agent:

Russell B. Sanford
c/o Allen, Vahrenwald & Johnson, LLC
125 S. Howes Street, Suite 1100
Fort Collins, CO 80521

Initial Registered Office:

125 S. Howes Street, Suite 1100
Fort Collins, CO 80521

Initial Board of Directors
of the Association:

Stanley K. Everitt
David G. Everitt
Ken Deline
3030 S. College Avenue
Fort Collins, CO 80525

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**ARTICLE 3
Initial Principal Office**

The address of the corporation's initial principal office is:

3030 S. College Avenue
Fort Collins, CO 80525

ARTICLE 4
PURPOSE AND POWERS OF THE ASSOCIATION

No part of the income or profit of the Association is distributable to the members, directors or officers of the Association. The purpose of the Association is to govern the residential community which is known as the **Fossil Lake Planned Unit Development**, First Filing, located in a part of Section 9 and part of the Northwest Quarter of Section 16, Township 6 North, Range 68 West, of the 6th P.M., County of Larimer, State of Colorado, or other additional annexed property (hereinafter referred to as the "**Property**"), and to promote the health, safety and welfare of the residents within the Property and to:

A. Exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Bylaws of the Association and in the Declaration of Protective Covenants, Conditions and Restrictions for Fossil Lake PUD, First Filing recorded June 7, 1999, at Reception Number 99049841 of the Larimer County, Colorado records, as the same may be further amended from time to time as therein provided (collectively, the "**Declaration**"), said Declaration being incorporated herein as if set forth at length (unless the contents shall otherwise require or unless otherwise defined herein, all terms used in these Articles of Incorporation shall have the same definitions as set forth in the Declaration); and

B. Fix, levy, collect and enforce payment by any lawful means of all charges or assessments levied pursuant to the terms of the Declaration and Bylaws; to pay all expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the Association; and

C. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes and annex additional residential property; provided that except for Declarant's Reserved Declarant Rights, as defined in the Declaration, any such merger, consolidation or annexation shall require Seventy One Percent (71%) of the votes of the members of the Association who are voting in person or by proxy at a meeting duly called for this purpose; and

D. Have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Laws of the State of Colorado by law may now or hereafter have or exercise.

ARTICLE 5
MEMBERSHIP

Membership in the Association shall be comprised of Owners of Lots in the Fossil Lake Subdivision (as those terms are defined in the Declaration). Said membership is appurtenant to the Lot of said Owner and title to the ownership of the membership for that Lot shall automatically pass with fee simple title to that Lot. Each Owner of a Lot shall automatically be entitled to the benefits and subject to the burdens relating to the membership for such Owner's Lot. If the fee simple title to a Lot is held by more than one person or entity, all such persons and/or entities shall aggregately be considered one member.

ARTICLE 6
VOTING RIGHTS

A. The Association shall have two (2) classes of voting members, as follows:

(i) Each Lot owned by an Owner, other than Declarant, shall be allocated one (1) vote in the Association, as more fully provided in the Bylaws of the Association. When more than

one person or entity owns an interest in a Lot, all such persons and/or entities shall aggregately be considered one Member of the Association. The vote for such Lot shall be exercised as the Owners thereof among themselves determine, but in no event shall more than one vote be cast with respect to any one Lot (in the event that the multiple Owners of a Lot cannot determine among themselves which Owner may cast the vote for the applicable Lot, the Association shall be entitled to rely on the vote of the first Owner listed on the current deed relating to the applicable Lot, or in the event of current multiple deeds, the Association may rely on the vote of the first Owner listed on the first of such multiple deeds).

(ii) Each Lot owned by Declarant shall be allocated ten (10) votes in the Association.

B. To the extent that any provision in these Articles provides for the vote of the members, such voting provision will be limited by the restrictions of this subsection.

ARTICLE 7 BOARD OF DIRECTORS

The officers of the Association will be managed by a board consisting of such number of directors and serving for such term as shall be described in the Bylaws and Declaration (the "**Board of Directors**").

No directors shall be personally liable to the Association or to its members for monetary damages for breach of fiduciary duty as a director so long as the director has not breached his duty of loyalty to the Association or its members and so long as the director has not committed any acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law or result in any transaction from which the director derives an improper personal benefit and so long as such director has not assented to or participated in the making of a loan from the Association to a director or an officer of the Association in violation of Colorado law.

Despite any provision to the contrary in this article, and to the fullest extent allowed by Colorado law, the Association shall indemnify any director or officer or former director or officer of the Association, or any person who may have served at the request of the Association as a director or officer of another corporation, against expense actually and reasonably incurred by the officer or director in connection with the defense of any civil action, suit or proceeding in which the officer or director is made or threatened to be made a party by reason of being or having been a director or officer if the officer or director conducted himself or herself in good faith and the officer or director reasonably believed (i) in the case of conduct in his or her official capacity with the Association, that his conduct was in the Association's best interest; or (ii) in all other cases, that the conduct of the officer or director was at least not opposed to the Association's best interest. In the case of any criminal action, suit or proceeding, the director or officer will be indemnified if the officer or director had no reasonable cause to believe his conduct was unlawful. Provided; however, the officer or director will not be indemnified by the Association with respect to a civil or criminal action, suit or proceeding in relation to matters as to which the officer or director is adjudged in the action, suit, or proceeding (i) to be liable to the Association in connection with a proceeding by or in the right of the Association, or (ii) to have improperly received a personal benefit, whether or not the officer or director was acting in his or her official capacity.

ARTICLE 8 AMENDMENTS

Amendment of these Articles will require the assent of a majority of the votes of members of the Association who are voting in person or by proxy at a meeting duly called for this purpose; provided, however, that until Declarant (as defined in the Declaration) sells all Lots owned by

Declarant in the Property, amendment to these Articles will require the assent of Declarant.

**ARTICLE 9
DISSOLUTION**

The Association may be dissolved with the assent given in writing and signed by not less than a majority of the votes of members of the Association who are voting in person or by proxy at a meeting duly called for this purpose; provided, however, that until Declarant sells all Lots owned by Declarant in the Property, the Association may not be dissolved without the consent of Declarant.

Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

**ARTICLE 10
DURATION**

The corporation shall exist perpetually.

IN WITNESS WHEREOF, for the purposes of documenting the adoption of these Articles under the laws of the State of Colorado, the undersigned, constituting the Incorporator, has executed these Articles effective as of the 27th day of April, 2000.

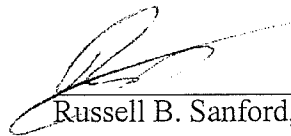


Russell B. Sanford, Incorporator
Address: 125 S. Howes, Suite 1100
Fort Collins, CO 80521

CONSENT TO APPOINTMENT OF REGISTERED AGENT

The undersigned, the initial registered agent of Fossil Lake Homeowners Association, Inc., hereby consents to his appointment as said agent.

Dated this 27th day of April, 2000.



Russell B. Sanford, Registered Agent

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