

**ADDENDUM TO
ARTICLES OF INCORPORATION
OF
FOX SPRINGS CONDOMINIUMS
HOMEOWNERS ASSOCIATION, INC.**

This Addendum to Articles of Incorporation of Fox Springs Condominiums Homeowners Association, Inc. is attached to and made a part of the Articles of Incorporation (Nonprofit Corporation) of Fox Springs Condominiums Homeowners Association.

ARTICLE 1 - Introduction; Certain Definitions

Fox Springs Condominiums shall be established as a residential planned community pursuant to the provisions of the Colorado Common Interest Ownership Act, as amended. Capitalized terms used but not defined herein shall have the meaning set forth in the Condominium Declaration of Fox Springs Condominiums that shall be recorded in the real estate records of Routt County, Colorado (the "Declaration"). Terms defined in the Declaration include, but are not limited to, "Association," "Association Control Period," "Buildings," "Common Area," "Common Expense," "Declaration," "Executive Board," "Map," "Owner," "Plat," and "Unit." The terms defined in C.R.S. §38-33.3-103 shall have the same meanings when used in these Articles of Incorporation.

ARTICLE 2 – Name

The name of this corporation shall be Fox Springs Condominiums Homeowners Association, Inc. The corporation is sometimes referred to in these Articles of Incorporation and in the corporation's Bylaws as the "Association."

ARTICLE 3 – Purposes and Powers

3.1 Purposes. The Association shall operate the residential planned community known as Fox Springs Condominiums, a subdivision located in Routt County, Colorado (the "Subdivision" or "Project"), in accordance with the Declaration, as amended from time to time, the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, et seq. (the "Act") and the Colorado Revised Nonprofit Corporation Act, C.R.S. §7-21-101, et seq., as either may be amended from time to time. The objects and purposes of the Association include:

- (a) To act as the association of the Owners of Units in the Project;
- (b) To provide for and accomplish the repair, maintenance, conservation, administration, improvement, replacement, management, operation, insuring, restoration and supervision of the Common Area or Common Elements, and any and all real and personal property acquired (by purchase, lease or otherwise) by the Association for the common use of the Owners;

(c) To carry out the purposes of and to enforce the provisions of the Declaration, these Articles of Incorporation, the Bylaws, the Rules and Regulations, and the Responsible Governance Policies of the Association (including the power to amend said policies), as amended from time to time;

(d) To define membership and the voting rights of the members;

(e) To regulate and control the relationships among the Owners of Units, in connection with their ownership of the Units;

(f) To promote the health, safety, welfare and common benefit of the Owners of the Units;

(g) To pay the Common Expenses and to assess and collect from the Owners funds necessary to pay Common Expenses; and

(h) To engage in any other lawful business or activity.

3.2 Powers. In furtherance of the foregoing purposes, the Association shall have and may exercise any and all powers and authority, and do any and all acts which are delegated, described or provided, expressly or implicitly, to the Association in the Declaration, these Articles of Incorporation, the Bylaws and the Rules and Regulations of the Association and the Responsible Governance Policies, and the Association shall have and may exercise any and all permitted acts, powers, rights and privileges which are granted to a residential planned community under the laws of the State of Colorado. The statements of purposes and powers set forth in these Articles of Incorporation shall be construed as statements of both purposes and powers. The purposes and powers stated in each clause or phrase shall not be limited or restricted by reference to or inference from the terms or provisions of any other clause or phrase but shall be broadly construed as independent purposes and powers. As part of the powers of the Association, but not in limitation of the full plenary power of the Association, the Association shall have the power:

(a) Real and Personal Property. To acquire, by gift, purchase, trade or any other method, and to own, lease from third parties, operate, build, manage, use, rent, sell, hold, develop, improve, encumber, dispose of and otherwise deal in and with real and personal property of every kind and character, tangible and intangible, wherever located, and interests of every sort therein.

(b) Borrowing. To borrow funds or raise moneys in any amount for any of the purposes of the Association, and from time to time to execute, accept, endorse and deliver, as evidence of such borrowing, all kinds of instruments and securities, including but without limiting the generality of the foregoing, promissory notes, drafts, bills of exchange, warrants, bonds, debentures, property certificates, trust certificates and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment and performance of such securities by mortgage on, or pledge, conveyance, deed or assignment in trust of, the whole or any part of the assets of the Association, real,

personal or mixed, including contract rights, whether at the time owned or hereafter acquired, subject, however, to any limitations provided in the Declaration.

(c) Contracts. To enter into, make, amend, perform and carry out, or cancel and rescind, contracts, leases, permits and concession agreements for any lawful purposes pertaining to its business.

(d) Assessments. To fix, determine, levy and collect general and special Common Expense assessments pursuant to the Declaration, including without limitation assessments to fund any reserve deemed appropriate by the Executive Board, and to levy and collect fees (including, without limitation, attorneys' fees), late charges, costs and interest in accordance with the Declaration and/or the Bylaws of the Association, and to exercise and enforce any and all remedies provided in the Declaration for collection of such assessments, fees, late charges, costs and interest.

(e) Rule-Making. To make, amend and enforce policies and rules and regulations (the "Rules and Regulations") with regard to the management, use, occupancy, appearance, operation, maintenance, repair and replacement of the assets of the Association and Common Area, and with regard to the use and occupancy of the Units and the Common Area.

(f) Construction, Management, Maintenance and Repair. To construct, install, erect, replace, maintain, repair, manage and supervise any improvements now or hereafter installed or existing on, under, within or above the Common Area or any real property or property interests owned by the Association.

(g) General Powers. To do everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objectives, or the furtherance of any of the powers above set forth, either alone or in connection with other corporations, firms or individuals, and either as principal or agent, and to do every act or thing incidental or appurtenant to, or growing out of, or connected with any of the aforesaid objectives, purposes or powers, and to do any act authorized or permitted by the Declaration.

(h) Powers Conferred by Law. The Association shall have all powers provided or permitted by the Declaration and shall have all powers provided or permitted by the Colorado Common Interest Ownership Act and the laws of Colorado for nonprofit corporations.

The foregoing enumeration of specific powers shall not limit or restrict in any manner the general powers of the Association and the enjoyment and exercise thereof as now are or as may hereafter be conferred by the laws of Colorado, specifically including but not limited to the Act, or the Declaration.

3.3 Restrictions Upon Purposes and Powers. The purposes and powers of the Association are subject to the following limitations:

(a) The board of directors of the Association may, for any taxable year of the Association, elect to have Section 528 of the Internal Revenue Code apply to the Association. So long as the board of directors shall have so elected that said Section 528 apply to the next ensuing taxable year of the Association, then:

(i) The Association shall be organized and operated solely as a “homeowners association,” as defined in and limited by Section 528(c) of the Internal Revenue Code, for such year;

(ii) The Association shall not for such taxable year receive more than forty percent (40%) of its gross income from amounts other than membership dues, fees and assessments from Owners of Units;

(iii) The Association shall not for such taxable year expend more than ten percent (10%) of its gross expenditures for purposes other than the acquisition, construction, management, maintenance and care of real and personal property held by the Association and other property qualifying as “association property” under Section 528(c)(4) of the Internal Revenue Code.

(b) No part of the net earnings of the Association shall inure to the benefit of any member of the Association (other than by acquiring, constructing or providing management, maintenance and care of such property of the Association qualifying as “association property” under Section 528(c)(5) of the Internal Revenue Code, and other than by a rebate of excess membership dues, fees or assessments).

3.4 Dividends, Distributions, and Dissolution. The Association shall not pay any dividends. No distribution of the corporate assets to members shall be made until all Association debts are paid, and then only upon final dissolution of the Association.

ARTICLE 4 – Membership and Voting Rights

4.1 Members. Any Person or combination of Persons owning an undivided fee simple interest in a Unit (including Declarant with respect to Units from time to time owned by Declarant) shall automatically be a member of the Association. Such membership shall be continuous throughout the period that such ownership continues and shall terminate automatically whenever ownership ceases. Members may not resign from membership in the Association, but membership shall be automatically transferred upon conveyance of such member’s Unit. Termination of membership shall not relieve or release any former member from any liability or obligation incurred by virtue of or in any way connected with ownership of a Unit or impair any rights or remedies which the Association or others may have against such former Owner and member arising out of or in any way connected with such ownership or membership.

4.2 Individual Membership. Any individual acquiring an ownership interest in a Unit shall automatically become an individual member of the Association.

4.3 Organizational Membership. Any Person, other than an individual, who acquires an ownership interest in a Unit, such as a corporation, partnership, limited liability company, association or trust, shall automatically become an organizational member of the Association. Each organizational member shall from time to time designate in writing to the Association one individual who may represent it with respect to such Unit at meetings and vote on behalf of such organizational member. The Association shall maintain a record of the person entitled to vote on behalf of such organizational member with respect to such Unit and, until the Association is notified in writing to the contrary, only such designated person, or the written proxy of such designated person, may cast the votes of the organizational member with respect to such Unit, and any action taken by such individual purporting to act on behalf of the organizational member shall be binding upon such organizational member. If an organizational member owns an interest in more than one Unit, such organizational member may designate separate individuals to represent such organizational member with respect to each separate Unit.

4.4 One Class. The individual members and organizational members shall constitute one class of members of the Association, being Owners who own fee simple interests in Units.

4.5 Voting Members. The Association shall have voting Members.

4.6 Number of Votes. Each Unit shall be allocated one (1) vote on any and all matters to be voted on by the members of the Association. If the boundaries between Units are relocated as provided in the Declaration, one (1) vote shall remain allocated to each Unit. Division of the vote allocated to a Unit among multiple Owners of such Unit shall not be allowed; rather, the vote allotted to a Unit shall be voted entirely and undivided for or against or in abstention of an issue or matter put to vote among the members of the Association.

4.7 Voting Rights. If a Unit is owned entirely by one individual member or one organizational member, such individual member or the designated representative of the organizational member with respect to such Unit may cast the votes allotted to such Unit. If, however, a Unit is owned in fee simple by two or more Persons, whether in joint tenancy or tenancy in common or otherwise, then all Persons owning fee simple interests in such Unit shall from time to time, by majority vote amongst them or by any other method to which they all agree, select and designate in writing to the Association one individual who shall be entitled to vote and cast the one vote allotted to such Unit. The Association shall maintain a record of the individual entitled from time to time to vote on behalf of all Persons owning fee simple interests in such Unit, and until the Association is notified in writing to the contrary, only such designated individual, or the written proxy of such designated individual, may cast the votes allotted to such Unit, and any action taken by such individual purporting to act on behalf of such Persons shall be binding upon such Persons.

ARTICLE 5 – Executive Board

5.1 Executive Board. The control and management of the affairs of the Association and the disposition of its funds and property shall be vested in the directors. All of the directors shall constitute the Executive Board. The number of directors shall be not less than one (1) nor more than five (5), as may be set by the Bylaws from time to time in effect, and each director shall serve for a term of one year to two years, as may be set by the Bylaws from time to time in

effect and until his successor shall be duly elected and shall qualify. The affirmative vote of a majority of a quorum of directors shall be required for the transaction of the business of the directors at any meeting. Members shall be entitled to such votes in the election of directors as are provided for in Article 4. Cumulative voting shall not be allowed in the election of directors. The initial Executive Board shall consist of two (2) directors, and the name and address of such initial directors, to serve until the first annual meeting of the Association and until his successor shall be duly elected and qualified, is as follows:

INITIAL DIRECTORS

<u>Name</u>	<u>Address</u>
Peter Kreissig	155 Anglers Drive, Suite 200 Steamboat Springs, CO 80487
Kimberly Kreissig	155 Anglers Drive, Suite 200 Steamboat Springs, CO 80487

5.2 Special Declarant Rights. Subject to Section 5.3 below, Declarant reserves the right for Declarant, or any Person designated by Declarant in a writing delivered to the Executive Board, to appoint and remove the members of the Executive Board and the officers of the Association to the fullest extent permitted under the Act. The specific restrictions and procedures governing the exercise of Declarant’s right to so appoint and remove Directors and officers shall be set out in the Bylaws. Declarant may voluntarily relinquish such power, if evidenced by a notice executed by Declarant and recorded in the Office of the Clerk and Recorder for Routt County, Colorado but, in such event, Declarant may at its option require that specified actions of the Association or the Executive Board, as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove Directors and officers, be approved by Declarant before they become effective.

5.3 Election of Directors. Pursuant to the Act, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Unit Owners other than Declarant, at least one member, and not less than twenty-five percent (25%) of the members of the Executive Board, shall be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Unit Owners other than Declarant, not less than one-third (1/3) of the members of the Executive Board must be elected by Unit Owners other than Declarant.

ARTICLE 6 – Officers

The Association shall have such officers as may from time to time be prescribed by the Bylaws. Their terms of office and the manner of their designation or selection shall also be determined according to the Bylaws from time to time in effect, subject to Article 5 above.

ARTICLE 7 – Managing Agent

The Executive Board shall have power from time to time to appoint a property manager or managing agent, which may be a corporation or other entity, to carry on and perform maintenance, repair, management, operations, billing and accounting and any other functions, responsibilities and obligations (whether like or unlike the foregoing) for the Association. The Association may record in the real property records of Routt County, Colorado from time to time its acknowledged certification of the name and address of such manager or managing agent, which certificate shall be conclusive evidence of the identify of such managing agent until a later certificate is recorded. The Declarant, or any officer, director, partner, manager, shareholder or joint venturer of Declarant, or any entity controlled by Declarant, or any affiliate of Declarant, may be and act as managing agent or own or have an interest in the property management firm for the Association.

ARTICLE 8 – Indemnification

The Association shall indemnify, to the maximum extent permitted by law, any person who is or was a director, officer, agent, fiduciary or employee of the Association against any claim, liability or expense arising against or incurred by such person made party to a proceeding because he is or was a director, officer, agent, fiduciary or employee of the Association or because he is or was serving another entity or employee benefit plan as a director, officer, partner, trustee, employee, fiduciary or agent at the Association's request. The Association shall further have the authority to the maximum extent permitted by law to purchase and maintain insurance providing such indemnification.

ARTICLE 9 – Bylaws

The initial Bylaws of the Association shall be as adopted by the Executive Board. The Executive Board shall have the power to alter or amend the Bylaws, and the Bylaws may also be amended, altered or repealed by the affirmative vote of sixty-seven percent (67%) or more of the votes of the membership of the Association, except where a higher voting requirement is imposed by law, the Declaration, these Articles of Incorporation or the Bylaws. Any alteration or amendment in the Bylaws made by vote of the membership shall not be further altered or amended by the Executive Board. The Bylaws may contain any provisions for the regulation or management of the affairs of the Association which are not inconsistent with law, the Declaration or these Articles of Incorporation.

ARTICLE 10 – Amendment

The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation by the affirmative vote of the holders of more than sixty-seven (67%) of the votes of the membership of the Association, except where a higher voting requirement is imposed by law, the Declaration or these Articles of Incorporation.

ARTICLE 11 – Certain Liabilities of Directors

The personal liability of a director to the Association or to the members for monetary damages for breach of fiduciary duty as a director is hereby eliminated, except that such provision shall not eliminate or limit the liability of a director to the Association or to the members for monetary damages for:

- (a) Any breach of the director's duty of loyalty to the Association or to the members;
- (b) Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- (c) Acts specified as being prohibited in C.R.S. §7-128-403 or §7-128-501, as amended, or any successor thereto; or
- (d) Any transaction from which the director derived an improper personal benefit.

ARTICLE 12 – Dissolution. Upon dissolution of the Association, the assets of the Association shall be distributed to the Unit Owners in accordance with C.R.S. §38-33.3-218 of the Act, as amended.