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08/15/96 2:55 PM 33.00
NANCY WORKMAN
RECORDER, SALT LAKE COUNTY, UTAH
AMERICAN-FROWS ONE LLC 49 W 300 S #1506-N
REC BY:V ASHBY ,DEPUTY - WI 5LC UT 84101

ARTICLES OF INCORPORATION

OF

HERITAGE TOWNHOME OWNERS ASSOCIATION, INC.

A NON-PROFIT CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, the undersigned, natural persons of the age of twenty-one years or more years, hereby associate ourselves for the purpose of forming a corporation under the Utah Non-Profit Corporation Act and do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE I

NAME AND DURATION

The name of the Corporation is HERITAGE TOWNHOME OWNERS ASSOCIATION, INC. and the duration of the corporation shall be perpetual.

ARTICLE II

PURPOSES

The Corporation is organized exclusively for non-profit purposes, and the specific purposes for which this non-profit corporation is organized are to provide for maintenance, preservation and architectural control of the residential Units and Common Areas within that real property located in Salt Lake County, State of Utah, more particularly described on Schedule "A" attached hereto and incorporated herein by reference and any additional real property added thereto in accordance with the terms of the "Declaration" (hereinafter defined), and to promote the health, safety and welfare of the residents within the above described real property and any additions thereto as may hereafter be brought within the jurisdiction of this Association. For this purpose the Association is authorized to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association

heritageart (prows)

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as set forth in that certain Declaration of Covenants, Conditions and Restrictions dated August ____, 1996, and recorded August ____, 1996, as Entry No. _____ in Book _____, beginning at page _____ of the Official Records of the Salt Lake County Recorder, wherein American-Prows One, L.L.C., a Utah limited liability company, is designated as "Declarant" (hereinafter called the "Declaration"), applicable to the property, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of Members holding three-fourths (3/4) of the Percentage Interests as defined in the Declaration, mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that the Association may grant such easements as shall be necessary for the development of the Property without the consent of the Members. Except with respect to easements, no such dedication, sale or transfer shall be effective unless the same has been approved by Members holding three-fourths (3/4) of the Percentage Interests as defined in the Declaration, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Areas, provided that any such merger, consolidation or annexation shall

have the assent of Members holding three-fourths (3/4) of the Percentage Interests as defined in the Declaration, except that the Department of Veterans Affairs shall have the right to approve such mergers and consolidations prior to the effective date thereof; provided that this provision shall not preclude the Declarant from adding Additional land to the condominium project as provided in the Declaration;

(g) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of Utah may now or hereafter have or exercise.

ARTICLE III

MEMBERSHIP

Every person or entity who is a record Owner of a fee or undivided fee interest in any Unit which is subject to the Declaration, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in any Unit merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association.

ARTICLE IV

VOTING RIGHTS

The Association shall have one class of voting membership. The number of votes appurtenant to each respective Unit shall be equal to the product of the Percentage Interest owned by each Member (based upon square footage per Unit) multiplied by One Hundred (100). The number of votes appurtenant to each Unit shall have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to the Declaration; provided that amendment may occur simultaneously with the addition of Additional Land and pursuant to the provisions of the Declaration. The number of votes appurtenant to each Unit may not be divided between multiple Owners of any one Unit or between matters which require the vote of Owners.

ARTICLE V

REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Corporation is 48 West 300 South, #1506-N, Salt Lake City, Utah, and the name of the registered agent at such address is ARMANDO ALVAREZ.

ARTICLE VI

CORPORATION POWERS

The Corporation shall have such powers and authority as are provided by Statute, Section 16-6-22, et seq., Utah Code Annotated (1953, as amended). Specifically, the Corporation shall have power and authority to sue or be sued and defend in the Corporate name; maintain a corporate seal; receive gifts, devisees, bequests of personal and real property, to purchase or lease personal or real property and to otherwise acquire, hold, improve, use, and possess the same; to convey, mortgage, pledge, lease, exchange, transfer, bargain, or otherwise dispose of any or all of its property and assets; to conduct its normal and ordinary affairs, transact business, and carry on operations with such offices as are necessary within the State of Utah or the Continental United States; to elect a Management Committee, and to appoint officers and agents of the Corporation and to define, by by-law and otherwise, the duties and compensation of said officers and agents; to make and alter by-laws and resolutions, not otherwise inconsistent with the Articles of Incorporation, the Declaration or the laws of the State of Utah for the administration of the affairs of the Corporation; to indemnify any Committee Member, officer, or agent of the Corporation for expenses actually and necessarily incurred in furthering the activities and operations of the Corporation or in the defense of any litigation or action in which any said Committee Member, officer, or agent is made a party; and to exercise all other powers necessary and reasonably convenient to effect any and all of the purposes for which the Corporation is now authorized or hereafter may be authorized by the laws of the United States and the State of Utah.

ARTICLE VII

LIMITATIONS ON DISPOSITION OF
EARNINGS AND ASSETS

The Corporation's objectives are not for pecuniary profit and no part of the net earnings of the Corporation, if any, shall inure to the benefit of any Committee Member, officer or Member of the Corporation or any other individual, and no Committee Member, officer or member of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution or liquidation of the Corporation. No part of the activities of the Corporation shall be to provide propaganda, or otherwise attempting to influence legislation, or participate in or intervene in any political campaign on behalf of any political party or any candidate for public office. Notwithstanding any other provision of these Articles to the contrary, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income taxes under Section 501(c) of the Internal Revenue Code of 1954, as amended or, (b) by a corporation contributions to which are deductible under Section 17(c) (2) of the Internal Revenue Code of 1954, as amended.

ARTICLE VIII

INCORPORATORS AND COMMITTEE MEMBERS

The conduct of the affairs of the Corporation shall be governed and controlled by a Management Committee consisting of not less than three (3) individuals and not more than five (5) individuals. The qualifications of individuals permitted to serve on the Management Committee shall be established in the Bylaws of the Corporation. Said Management Committee shall exercise such powers as are provided by these Articles of Incorporation, the laws of the State of Utah, and the Bylaws of the Corporation. The names and addresses of the persons who are to severally serve as the initial incorporators and Committee Members of the Corporation until the first meeting of the Management Committee, or until their successors are duly elected and qualified, are as follows:

John T. Prows
1712 Mueller Park Road
Bountiful, Utah 84010

Armando Alvarez
48 West 300 South, #1506-N
Salt Lake City, Utah 84101

E. Richard Moore
9586 South Woodbine Circle
Sandy, Utah 84092

At the first Annual Meeting, the Members shall elect one of the Committee Members for a term of one year, and two of the Committee Members for a term of two years; and at each annual meeting thereafter the members shall elect the number of Committee Members whose terms are to expire for a term of two years.

ARTICLE IX

OFFICERS

The Management Committee is authorized to elect and appoint officers and agents of the Corporation as shall be necessary and appropriate. Such officers and agents shall hold office until their successors are duly elected or appointed and qualified or until they are removed. All officers and agents of the Corporation, as between themselves and the Corporation, shall have such authority and perform such duties in the management of the affairs of the Corporation as may be provided in these Articles of Incorporation, the Bylaws or the Declaration or as may be determined by resolution of the governing Management Committee not inconsistent with these Articles of Incorporation, the Bylaws or the Declaration.

ARTICLE X

BYLAWS

The Members may adopt, amend and repeal at will such Bylaws as are not inconsistent with law, these Articles of Incorporation, the Declaration and the Utah Non-Profit Corporation Act, provided that any such amendments shall require the consent of members holding sixty-seven percent (67%) of the Percentage Interests (as defined

in the Declaration) and as further provided in the Bylaws attached to the Declaration.

ARTICLE XI

DISSOLUTION

The Association may be dissolved only upon the termination of the Declaration in accordance with terms thereof and with the assent given in writing and signed by Members holding not less than three-fourths (3/4) of the Percentage Interests as defined in the Declaration. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XII

LIABILITY

The Management Committee, Committee Members, officers, employees and Members of this Corporation shall not be liable, either jointly or severally, for any obligation, indebtedness or charge against the Corporation.

ARTICLE XIII

INDEMNITY OF OFFICERS AND COMMITTEE MEMBERS

The Corporation shall indemnify any and all of its officers or Committee Members or former officers or Committee Members or any person who may have served at its request as a Committee Member against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties, or a party, by reason of being or having been Committee Members or officers or a Committee Member or officer of the Corporation, except in relation to matters as to which any Committee Member or officer or former officer or Committee Member or person shall be adjudged in such action, suit or proceeding to be liable for negligence or miscon-

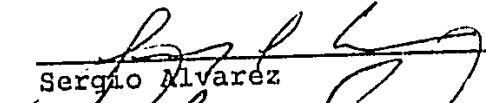
duct in the performance of duty. Such indemnification shall not be deemed exclusive of any or all other rights to which those indemnified may be entitled, under any Bylaws, agreement, vote of subscribers or otherwise.

ARTICLE XIV

AMENDMENT

Any amendment to these Articles of Incorporation shall require the assent of Members holding sixty-seven percent (67%) of the Percentage Interests as defined in the Declaration, except that the Department of Veterans Affairs shall have the right to veto amendments until such time as Units to which an aggregate of at least three-fourths (3/4) of the Percentage Interests then appurtenant to the Project have been conveyed by the Declarant to Unit purchasers.

IN WITNESS WHEREOF, the undersigned Incorporators have set their hands this 15th day of August, 1996.

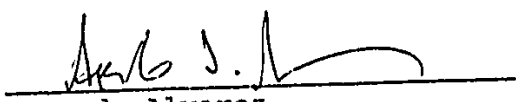


Sergio Alvarez



Richard S. Prows

The undersigned hereby agrees to act as the Registered Agent for the above Corporation.



Armando Alvarez

[notary continued on next page]

STATE OF UTAH)
)
) : ss.
COUNTY OF SALT LAKE)

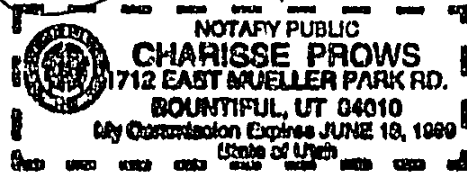
I, Charisse Prows, a Notary Public, hereby certify that on the 12 day of August, 1996, personally appeared before me Sergio Alvarez, Richard S. Prows and Armando Alvarez who being by me first duly sworn, declared that they are the persons who signed the foregoing instrument as incorporators and Agent, and that the statements contained therein are true.

My Commission Expires:

June 19, 1999

1712 East Mueller Park Rd. Bountiful
NOTARY PUBLIC, Residing at:

Charisse Prows



SCHEDULE "A"

to

ARTICLES OF INCORPORATION OF
HERITAGE TOWNHOME OWNERS ASSOCIATION, INC.
A NON-PROFIT CORPORATION
(Legal Description)

Real property located at 5138 South 2700 West, Salt Lake City, Salt Lake County, State of Utah, known as Heritage Townhomes, and more particularly described as follows:

BEGINNING at a point North 00°14'53" West 1905.86 feet and North 89°45'07" East 50.00 feet from the South Quarter Corner of Section 9, Township 2 South, Range 1 West, Salt Lake Base & Meridian; thence North 00°14'53" West 53.42 feet to a point around a curve to the left through a central angle of 45°32'04" an arc 18.28 feet a chord bearing of South 71°44'15" East 17.80 feet to a point around a curve to the right though a central angle of 31°17'12" an arc 14.74 feet a chord bearing of South 78°51'41" East 14.56 feet; thence South 63°13'05" East 22.79 feet; thence South 89°59'58" East 99.52 feet around a curve to the left through a central angle of 90°00'02" an arc 20.42 feet a chord bearing of North 45°00'01" East 18.38 feet; thence North 136.29 feet; thence West 93.18 feet; thence North 72.15 feet; thence North 39°41'45" West 6.17 feet; thence North 64.17 feet; thence East 118.40 feet; thence South 93.60 feet; thence East 22.73 feet; thence South 29.47 feet; thence West 2.00 feet to a point around a curve to the left through a central angle of 90°00'16" an arc 20.42 feet a chord bearing of South 44°59'53" West 18.39 feet to a point; thence South 00°01'35" West 141.27 feet to a point around a curve to the left through a central angle of 90°18'18" an arc 20.49 feet a chord bearing of South 45°05'44" East 18.43 feet to a point; thence East 2.51 feet; thence South 29.00 feet; thence West 193.00 feet to a point around a curve to the left through a central angle of 00°30'24" an arc 0.20 feet a chord bearing of North 89°59'41" West 0.20 feet to a point around a curve to the left through a central angle of 41°12'11" an arc 16.54 feet a chord bearing of South 69°09'01" West 16.19 feet to the point of BEGINNING. Contains 28,249 square feet (0.65 acres) more or less.