

Association Agreement
Towns Lodge
Unincorporated Nonprofit Association
January 2, 2025

Towns Lodge is initially formed as an **Unincorporated Nonprofit Association (“UNA”)** under Wyo. Stat. Title 17, Ch. 22 of the laws of the State of Wyoming. Until its initial conversion to a WY DUNA, Towns Lodge will operate as a three member WY UNA with decisions made by majority vote.

As is consistent with Wyoming law for conversion of entities under Wyo. Stat. 17-32-101 and Wyo. Stat. 17-26-101, Towns Lodge elects to be treated as a **Decentralized Unincorporated Nonprofit Association (“DUNA”)** under Wyo. Stat. Title 17, Ch. 32 immediately upon the execution of the \$TOWNS airdrop and meeting the 100 members requirement.

Towns Lodge will remain a **DUNA** in perpetuity absent conversion to another entity form or dissolution, per the terms of this Association Agreement.

Article 1
Name

The name of this Association and the name by which it will be known is: Towns Lodge (referred to below as “the Association”).

Article 2
Purpose

The objectives and purposes of the Association shall be as follows:

1. The Association is established as an organizational framework for community engagement, collective decision-making, and innovation to pursue the common, nonprofit purpose of empowering people to create, curate and participate in online digital communities.
2. The Association has the power to do all things necessary or convenient to carry on its activities or affairs as an **UNA** or **DUNA** under the laws of Wyoming that are in furtherance of its purposes as set forth in paragraph 1 of this Article and as otherwise permitted by the **Governing Principles** subject to Articles 13 and 14.

Article 3
Membership

1. A **Person** shall become a **Member** of the Association by holding \$TOWNS Token and participating in the Association, which includes claiming \$TOWNS Tokens via airdrop, voting, delegating tokens, and/or making proposals.
2. **Members** agree to abide by the established **Governing Principles** of the Association.
3. A **Member** shall be deemed to have resigned as a **Member** of the Association upon the disposal (voluntary or involuntary) of all **Membership Interests** (e.g., the \$TOWNS Token(s) conveying their voting rights within the Association).
4. The withdrawal or resignation of a **Member** shall not dissolve the Association, and the Association shall be continued.

5. \$TOWNS Tokens shall be freely transferrable to another person, however this transfer does not convey a **Membership Interest** unless such person also meets the **Member** requirements set forth in Article 3 above.
6. Any dispositions of \$TOWNS Tokens from the **Treasury** does not automatically convey a **Membership Interest**. As such, disposition from the **Treasury** is merely a conveyance of property unless specifically structured to be a **Membership Interest** through the terms of an enacted **Governance Proposal**.
7. A **Member** is representing themselves to be the rightful owners of their **Membership Interest** when participating in the Association as a **Member**.

Article 4

Rights and Duties of Members

1. **Members** have no ownership rights in the property of the Association via their **Membership Interest**, and per capita distributions of assets or profits to **Members** is expressly prohibited.
2. A **Member** of the Association is not an agent or representative of the Association solely by reason of being a **Member**.
3. A **Member** of the Association has no fiduciary duties to the Association or to any other **Member** of the Association solely by reason of being a **Member**.
4. A **Member** of the Association is subject to the implied contractual covenant of good faith and fair dealing as applicable under Wyoming law. A **Member** of the Association has no authority to bind the association to a contract, sign documents, or act in any representative capacity on behalf of the Association absent specific authorization from a validly executed **Governance Proposal** as set forth in this Agreement.
5. To the extent permitted by applicable law, any debts, obligations and liabilities arising from the Association's operations, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Association and no **Member** or **Administrator** shall be obligated personally for any such debts, obligations or liabilities solely by reason of being a **Member** of the Association or participating in the governance of the Association.

Article 5

Voting; Governing Principles

1. As defined in Appendix A, an Association's **Governing Principles** are a culmination of all the agreements (i.e., this Agreement, existing authorizations of authority, or executed **Governance Proposals**). As **Governance Proposals** are enacted, elements of the existing **Governing Principles** may be superseded by validly executed **Governance Proposals**, except as limited within Article 13 and 14.
2. **Token Governance** of the \$TOWNS Token will be activated on January 1st, 2026, available for access here: townslodge.com - at which point, the Association will provide for its governance through voting of the \$TOWNS Token.
3. Through enacted **Governance Proposals**, **Token Governance** provides the following, except as limited within Article 13 and 14:

- a. dispositions of the Association's assets to facilitate transactions in furtherance of the Association's common, nonprofit purpose, including funding decisions pertaining to the **River Eridanus Association**;
 - b. proposals from **Members** to appoint **Administrators** or hire agents and third-party service providers to perform designated functions on behalf of the Association, including, but not limited to, compensation, duties and obligations, and length or agreement;
 - c. enact changes to the Association's **Governing Principles**, including, but not limited to, quorum requirements, minimum voting thresholds, and temperature check length;
 - d. confirmation of **Rules Committee Commissioners** as established in Article 14; and
 - e. any other matters of governance or activities within the purpose of the Association.
4. Upon completion of the review performed by the **Rules Committee**, any recipients of funds resulting from a passed **Governance Proposal** must complete a tax reporting intake through tooling provided by the **Rules Committee Administrator** on townsledge.com within 45 days, or the **Governance Proposal** will not be enacted.

Article 6

Administrators; Agents

1. This Association is organized for decision-making to be performed through its **Governing Principles**. The Association may grant authorization for specific delegated tasks through a validly executed **Governance Proposal** and any separate contract between the Association and **Administrator(s)**.
2. An **Administrator** has no authority to act on behalf of the Association beyond the specific authorization granted through a validly executed **Governance Proposal** or otherwise in accordance with the **Governing Principles**.
3. A **Member** becomes an **Administrator** by assenting to perform the obligations established within a validly executed **Governance Proposal** or otherwise in accordance with the **Governing Principles**.
4. Depending on the duties and obligations contained within the grant of authority establishing **Administrators**, an **Administrator** may have fiduciary duties to the Association, which should be made explicit within the grant of authority when involving compensation or the handling of assets.
5. Absent specific limitations within the validly executed **Governance Proposal**, an **Administrator** can resign by presenting notice to the Association.
6. Upon resignation or the completion of their period of authority, an **Administrator** is not required to dispose of any **Membership Interests** in the Association and can continue as a **Member** upon resignation as an **Administrator**.

Article 7

Distributions Prohibited; Compensation

1. In accordance with the laws of Wyoming, the Association may engage in profit-making activities, but any profits from such activities must be used in furtherance of, or set aside for, the Association's common, nonprofit purpose.

2. Except as provided in paragraph 3 of this Article, an Association may not pay dividends or make distributions to a **Member** or **Administrator** and the following are expressly prohibited:
 - a. The Association may not repurchase **Membership Interests** and the ability for **Governance Proposals** to be enacted that supersede the Association Agreement are limited within Article 13 and 14; and
 - b. The Association may not make distribution of property to members upon wind-up and termination on a per capita basis and the ability for **Governance Proposals** to be enacted that supersede the Association Agreement are limited within Article 13 and 14.
3. In accordance with the laws of Wyoming, the Association may:
 - a. Pay reasonable compensation or reimburse reasonable expenses to its **Members**, **Administrators** and persons outside the Association for services rendered;
 - b. Purchase \$TOWNS Tokens on a secondary market; and
 - c. Confer benefits on its **Members** and **Administrators** in conformity with its common, nonprofit purpose.

Article 8

Dissolution; Wind-up

1. This Association has a perpetual duration and may only be dissolved by any of the following methods:
 - a. upon a validly executed **Governance Proposal**;
 - b. conversion; or
 - c. by court order.
2. After dissolution, the Association continues in existence until its activities have been wound-up and it is terminated pursuant to Paragraph 3 and 4 of this Article.
3. The Association continues to exist beyond dissolution only for the purpose of winding-up.
4. In winding-up the Association, the **Members**:
 - a. shall discharge the Association's debts, obligations and other liabilities, settle and close the Association's business, and marshal and distribute any remaining property in accordance with W.S. 17-32-126 and this Association Agreement;
 - b. may, as a result of a validly executed **Governance Proposal** subject to Articles 13 and 14, appoint an **Administrator** or **Administrators** to wind-up the Association and:
 - i. preserve the Association's operations and property as a going concern for a reasonable time;
 - ii. prosecute and defend actions and proceedings, whether civil, criminal, or administrative;
 - iii. transfer the Association's property;
 - iv. settle disputes;
 - v. receive reasonable compensation for services rendered in winding-up the association; and
 - vi. perform other acts necessary or appropriate in winding-up.
5. In the event the Association were to not meet the requirements of a WY DUNA for any reason, the Association elects to convert to a WY UNA. Classification of the Association as a WY DUNA or WY

UNA does not impact the terms of this agreement and the **Governing Principles** of the Association, which remain in effect through either classification.

Article 9

Rights of Members and Administrators

1. The Association shall not be obligated to provide records requested from a **Member** or **Administrator** if access is contained in a record already available on distributed ledger technology or on townsledge.com
2. The Association may impose reasonable restrictions on access to and use of information that may be provided under W.S. 17-32-124, including the designation of the information as confidential and imposing nondisclosure or other safeguarding obligations on the recipient of the information.

Article 10

Service of Process

1. The Association may file in the WY office of the Secretary of State a statement appointing an agent authorized to receive service of process.
2. In the event a statement to appoint an agent authorized to receive service of process is executed, it must be reauthorized yearly to remain valid.

Article 11

Advancement of Expenses

1. The Association may reimburse a **Member** or **Administrator** for authorized expenses reasonably incurred on behalf of the Association through a validly executed **Governance Proposal** to the extent allowable by the laws of Wyoming and subject to Articles 13 and 14.
2. The Association may allocate and disburse funds to the Administrators through a validly executed **Governance Proposal** to be used to fund activities that have been authorized by a validly executed **Governance Proposal** subject to Articles 13 and 14.

Article 12

Governing Law; Class Action Waiver

1. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Wyoming, (without regard to its conflict of laws principles), all rights and remedies being governed by said law.
2. Any dispute, controversy, claim, or proceeding arising out of or relating to this Agreement, **Governing Principles, Governance Proposals**, the rights or obligations of the **Members** and/or **Administrators**, or the operation of the Association (a "Dispute") shall be submitted exclusively to the Wyoming Chancery Court, pursuant to Wyo. Stat. Title 5, Ch. 13, Sec. 115, provided the subject matter of the Dispute falls within the jurisdiction of that Court.
3. For Disputes involving claims under \$50,000, the **Members** hereby consent to the jurisdiction of the Wyoming Chancery Court and jointly request the Court exercise its discretion to hear such matters, recognizing the Court's ability to accept lower-value cases at its option when they concern equitable relief, corporate governance, or fiduciary duties.

4. If the Chancery Court declines jurisdiction over any such Dispute, the parties agree to resolve the matter exclusively in the District Court of Laramie County, Wyoming, or in the United States District Court for the District of Wyoming, as appropriate.
5. Class Action Waiver: Each **Member** agrees that any dispute, claim, or proceeding arising out of or relating to this Agreement, or any **Member's** involvement in the business of the Association, shall be resolved solely on an individual basis, and not as a plaintiff or class member in any purported class, collective, consolidated, or representative action, whether in arbitration or in court. Each member expressly waives any right to participate in a class action, collective action, or class arbitration involving the Association. Any tribunal may not consolidate more than one **Member's** claim and may not otherwise preside over any form of representative or class proceeding. Nothing in this paragraph shall be construed to prohibit settlements on a class-wide or representative basis.
6. This Article 12 also shall apply to any Dispute involving any other party named or added as a defendant that is not a **Member, Administrator**, or the Association. Any such co-defendant or defendant is an express third-party beneficiary entitled to enforce this Article 12.

Article 13

Limitation of Modifications to Governing Principles

1. Many of the articles within this Association Agreement have been limited beyond the requirements of Wyoming Law for consideration of Federal and International legal requirements. Allowing these limitations to be discarded through subsequent **Governance Proposals** would invalidate their permanence and as such, a **Rules Committee** has been established within Article 14 and the technical performance comprising **Token Governance**, obligated to assess **Governance Proposals** for compliance with the Association Agreement and relevant laws, and revert passed **Governance Proposals** back to the community for resolution of any conflicting provisions.

Article 14

Establishment of Rules Committee

The Rules Committee shall contain three voting positions known as “**Rules Committee Commissioners**” and one non-voting position known as “**Rules Committee Administrator**”, with each position being an **Administrator** of the Association per Wyo. Stat. Title 17, Ch. 32 Section 102(a)(i).

1. General composition of the **Rules Committee Commissioners**:
 - a. Each **Commissioner** will serve a three-year term in staggered intervals and there shall be no term limits upon the **Rules Committee Commissioners**.
 - b. **Commissioners** are entitled to compensation only if approved by a validly enacted **Governance Proposal**.
 - c. 3 months prior to a **Commissioner's** term expiring, **Governance Proposals** can be submitted for the position and the **Commissioners** will select a replacement from the candidates one month prior.
 - i. If no candidate **Governance Proposals** are approved – the **Rules Committee Commissioners** are empowered to select a replacement, including extension of the existing Commissioner, but any compensation must still be approved by **Governance Proposal**.
2. General composition of the **Rules Committee Administrator**:

- a. The **Rules Committee Administrator** will have a two-year term and there shall be no term limits upon the **Rules Committee Administrator**.
 - b. 3 months prior to a **Rules Committee Administrator** term expiring, **Governance Proposals** can be submitted for the position and the **Rules Committee Commissioners** will select a replacement from the candidates one month prior.
 - i. If no candidate **Governance Proposals** are approved – the **Rules Committee Commissioners** are empowered to select a replacement, including extension of the existing **Rules Committee Administrator**, but any compensation must still be approved by **Governance Proposal**.
- 3. Initial composition of the **Rules Committee Commissioners**:
 - a. Three **Commissioners** are to be appointed by the initial **UNA Members** upon execution of this Association Agreement.
 - b. As the three **Commissioners** are intended to be staggered:
 - i. one **Commissioner** will start with a one-year term and will then be eligible for a three-year term,
 - ii. One **Commissioner** will start with a two-year term and will then be eligible for a three-year term, and
 - iii. One **Commissioner** will start with a three-year term and will then be eligible for a three-year term.
- 4. Initial composition of the **Rules Committee Administrator**
 - a. One **Rules Committee Administrator** will be appointed by the initial **UNA members** upon execution of this Association Agreement.
- 5. Duties and responsibilities of **Rules Committee Commissioners**:
 - a. The **Rules Committee Commissioners**' authorization of authority is narrowly drawn for the explicit purpose of:
 - i. responding to **Governance Proposals** that would be violative of legal requirements and/or the terms within the Association Agreement – the **Commissioners** are not authorized to utilize their judgment on the merits of a particular **Governance Proposal** beyond this intentionally limited scope of review;
 - ii. changing the call addresses within the **Towns Protocol** as required for technical or security reasons; and
 - iii. specific grants of authority necessary for the operation of the Association intentionally limited to their initial authorization of authority and enacted **Governance Proposals**.
 - b. As the **Commissioners** will be exercising their judgment on behalf of the Association within the limited authorizations of authority, the fiduciary duties of Care, Loyalty, and to Follow Instruction will apply.
 - c. The **Commissioners** are empowered to utilize third-party service providers to attain advice and counsel regarding the **Governance Proposals** up to \$50,000 annually without any additional funding proposals being necessary.
 - d. The **Commissioners** are to be indemnified for any legal costs associated with the execution of their duties.

- e. A decision by the **Rules Committee** is valid so long as it was agreed to by two **Commissioners**.
6. Duties and responsibilities of **Rules Committee Administrator**:
- a. The **Rules Committee Administrator's** authorization of authority is narrowly drawn for the explicit purpose of:
 - i. Drafting **Governance Proposal** summaries for the **Rules Committee Commissioners** to facilitate their function;
 - ii. Specific grants of authority necessary for the operation of the Association intentionally limited to the initial authorization of authority and enacted **Governance Proposals**, including the enactment of tax reporting for outbound dispositions from the **Treasury**.
 - b. As the **Rules Committee Administrator** will be exercising their judgment on behalf of the Association within the limited authorizations of authority, the fiduciary duties of Care, Loyalty, and to Follow Instruction will apply.
 - c. The **Rules Committee Administrator** is to be indemnified for any legal costs associated with the execution of their duties.

Article 15 **Miscellaneous**

1. Separability of Provisions. Each provision of this Agreement shall be considered separable and, if for any reason, any provision or provisions herein are determined to be invalid, unenforceable, or illegal under any existing or future law, such invalidity, unenforceability, or illegality shall not impair the operation of, or affect those portions of, this Agreement which are valid, enforceable and legal.
2. Amendment. This Agreement may not be modified, altered, supplemented, or amended except by a validly executed **Governance Proposal**.
3. A claim for relief against the Association does not abate merely because of a change in its **Members** or **Persons** authorized to administer the affairs of the Association.
4. Notwithstanding any other provision of this Agreement, to the extent that, at law or in equity, the **Administrators, Members** or any other persons having duties (including fiduciary duties) to the Association or to any **Member**, all such duties (including fiduciary duties) are hereby eliminated to the fullest extent permitted by the law and replaced with the duties expressly set forth herein or as expressly established by a validly executed **Governance Proposal**.

Appendix A

Definitions

1. “**Administrator**” means a **Member** authorized by vote of the membership to fulfill administrative or operational tasks.

An **Administrator** is distinguished from a manager filling a traditional management function because **Administrators** only possess the power to administer those affairs specifically authorized through a vote of the membership per its **Governing Principles**.

Absent specific authorization from a validly enacted **Governance Proposal**, an **Administrator** has no authority to bind the Association to legal agreements or to act on its behalf.

2. “**Decentralized Unincorporated Nonprofit Association**” means an **Unincorporated Nonprofit Association** that meets the following requirements:

- a) consists of at least one hundred (100) members joined by mutual consent under an agreement that may be in writing or inferred from conduct, for a common, nonprofit purpose
- b) has elected to be formed under Wyo. Stat. Title 17, Ch. 32; and
- c) is not formed under any other law governing the nonprofit association’s organization or operation.

3. “**Governing Principles**” means all agreements and any amendment or restatement of those agreements, including any decentralized unincorporated nonprofit association agreements, consensus formation algorithms, smart contracts or enacted governance proposals, that govern the purpose or operation of a **Decentralized Unincorporated Nonprofit Association** and the rights and obligations of the nonprofit association’s **Members** and **Administrators**, whether contained in a record, implied from the nonprofit association’s established practices or both.

4. “**Member**” means a person who may participate in the selection of persons authorized to administer or manage the affairs of the association or in the development of policy of the Association.

A **Member** may not be admitted to the Association without their consent, however – the assumption of the **Membership Interest** can be a clear demonstration that a person intends to be a member of the Association and abide by its **Governing Principles** (*i.e.*, claiming \$TOWNS through airdrop, the purchasing of a **Membership Interest**, solicitation of **Member Interest**, acceptance of a delivered **Membership Interest**, etc.). As such, it is not a requirement that a person actually participate in voting or the actual administration of the affairs of the Association to be a **Member**.

5. “**Membership Interest**” means a right of a person to participate as a **Member** of the Association, make **Governance Proposals** and vote in the affairs and policies of the Association. Ownership of \$TOWNS Tokens alone, without an accompanying activity set out above, shall not constitute a **Membership Interest**.
6. “**Person**” means an individual, corporation, business trust, estate, trust, partnership, association, agency, joint venture, governmental subdivision or instrumentality, or any other legal or commercial entity.
7. “**Record**” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in a perceivable form, including information inscribed on Distributed Ledger Technology.

8. **“River Eridanus Association”** means the Swiss Association established in the first quarter of 2024 under Articles 60 to 79 of Swiss Civil Code as a not-for-profit organization, to directly or indirectly further the growth and development of the open-source Towns software protocol, the surrounding community and the ecosystem. The River Eridanus Association placed the undistributed \$TOWNS Tokens under the collective control of the \$TOWNS governance (i.e., the DUNA **Treasury**) in furtherance of Towns Lodge’s common, nonprofit purpose in perpetuity.
9. **“Rules Committee”** means a panel of three **Commissioners** with narrowly drawn authorizations including the remittance of passed **Governance Proposals** if determined to be violative of legal requirements and/or the terms of the Association Agreement.
10. **“Rules Committee Commissioner”** means a voting member of the three person **Rules Committee** with limited grant of authority, including review of the proposal for compliance with the Association Agreement and applicable laws.
11. **“Rules Committee Administrator”** means a non-voting member of the **Rules Committee** with a limited grant of authority, including providing tooling for tax reporting for outbound disposition from the **Treasury**.
12. **“Token Governance”** is the mechanism in which **Members** bring forth an issue for the vote as established in the **Governing Principles** for \$TOWNS Tokens deployed on Ethereum and Base.

Towns token (Ethereum) - 0x000000Fa00b200406de700041CFc6b19BbFB4d13
Towns token (Base) - 0x00000000A22C618fd6b4D7E9A335C4B96B189a38
13. **“Treasury”** means the assets held by the Association, particularly the undistributed \$TOWNS under the control of the **Members** via the **Governance Protocol**.
14. **“Unincorporated Nonprofit Association”** means an unincorporated organization consisting of two (2) or more members joined by mutual consent for a common, nonprofit purpose. However, a joint tenancy, tenancy in common, or tenancy by the entireties does not, by itself, establish a nonprofit association, even if the co-owners share the use of the property for a nonprofit purpose.