

ARTICLES OF INCORPORATION  
OF  
THE VILLAS AT SALMON CREEK COMMONS HOMEOWNERS ASSOCIATION  
A Washington Nonprofit Corporation

The person signing below, acting as Incorporator of a corporation under the provisions of the Washington Nonprofit Corporation Act (Revised Code of Washington Chapter 24.03) and RCW 64.38, Homeowners' Associations (collectively referred to herein as the "Acts"), adopts the following Articles of Incorporation:

ARTICLE 1  
Name

The name of the Corporation is The Villas at Salmon Creek Commons Homeowners Association (hereafter referred to as the "Association").

ARTICLE 2  
Period of Duration

The period of duration of the Association is perpetual.

ARTICLE 3  
Purposes and Powers

3.1 This Association is organized for the following purposes, under the provisions of the Acts:

3.1.1 To operate as a nonprofit homeowners association under the Acts;

3.1.2 To preserve, protect, and improve the quality and character of **Salmon Creek Commons, Phase C** property described in and subject to the Restated Declaration of Covenants, Conditions, Restrictions, and Easements, as amended or otherwise supplemented (the "Restated Declaration"); and

3.1.3 To do everything necessary, proper, advisable, and/or convenient for the accomplishment of these purposes.

ARTICLE 4  
Powers

4.1 The Association may exercise all the powers granted under the Acts, as amended or recodified, and in the Restated Declaration, including the following powers and authority:

4.1.1 Adopt and amend bylaws to the extent they are not inconsistent with the Acts or any other governing documents;

4.1.2 Adopt and amend rules and regulations to the extent they are not inconsistent with the Acts or any other governing documents;

4.1.3 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from members as provided in any governing documents;

4.1.4 Obtain and maintain in force policies of insurance as provided in any governing documents;

4.1.5 Employ the services of any person or corporation as manager, hire employees to manage, conduct, and perform the business, obligations and duties of the Association, employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, recreational experts, architects, planners, lawyers and accountants, and contract for or otherwise provide for all services necessary or convenient for the management, maintenance, and operation of the property;

4.1.6 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more members on matters affecting the Association, but not on behalf of members involved in disputes that are not the responsibility of the Association;

4.1.7 Make contracts and incur liabilities;

4.1.8 Regulate the use, maintenance, repair, replacement, and modification of lots, units, and common areas including the power to sell or transfer the common areas;

4.1.9 Cause additional improvements to be made to the common areas;

4.1.10 Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, which is a part of or adjacent to the property;

4.1.11 Grant permits, easements, leases, licenses, and concessions through or over the common areas, for utilities, roads and other purposes necessary for the proper operation of the development, if any, and petition for or consent to the vacation of streets and alleys;

4.1.12 Impose and collect any payments, fees, or charges for the use, rental, or operation of the common areas as provided in the Restated Declaration and any other governing documents;

4.1.13 Create various classes of service and make appropriate assessments or charges to the users of these services without being required to render the services to those Association members who do not assent to such charges, subject to such rules and regulations as the board of directors deem proper, and to discontinue any service upon nonpayment or eliminate services for which there is no demand or adequate funds to maintain;

4.1.14 Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the board of directors or by the representative

designated by the board of directors and in accordance with the procedures as provided in the bylaws or other rules and regulations adopted by the board of directors, levy reasonable fines for violation of the bylaws or rules and regulations of the Association in accordance with a previously established schedule thereof adopted by the board of directors and furnished to the members for violations of the bylaws, and rules and regulations of the Association adopted by the Association's board of directors and furnished to its members;

4.1.15 Issue and transfer memberships in the Association to members within **Salmon Creek Commons, Phase C** as may be provided in the bylaws of the Association;

4.1.16 Exercise any other powers conferred by the Act, the Restated Declaration or the bylaws, any other governing documents;

4.1.17 Exercise all other powers that may be exercised in the State of Washington by the same type of entity as the Association, including those powers cited in RCW 24.03.035 and RCW 64.38 as hereinafter amended or recodified; and

4.1.18 Exercise any other powers necessary and proper for the governance and operation of the Association and the enforcement of the governing documents.

4.2 The powers and obligations of the Association may be amended, repealed, enlarged, or restricted by amendment to these Articles of Incorporation made in accordance with the provisions contained in these Articles or the bylaws to the extent they are consistent with the Acts.

## ARTICLE 5 Membership and Voting Rights

5.1 The Association has members consisting of every owner of one or more Units located within the Association's jurisdiction. This membership commences, exists, and continues simply by virtue of ownership, and will expire automatically upon termination of ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

5.2 As provided in the Restated Declaration, the Association has one class of voting membership, and members shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, all persons are members. The vote for the Unit will be exercised as the members among themselves will determine, but in no event may more than one vote be cast with respect to any Unit.

5.3 Voting rights of members are described in the Restated Declaration and in the Association's bylaws.

5.4 Membership is afforded without regard to race, religion, national origin, sex, age, or mental or physical handicap.

5.5 Persons or entities who hold an interest merely as security for the performance of an obligation owed to them shall not be a member of the Association unless they acquire title in a manner set forth in the Restated Declaration.

ARTICLE 6  
Board of Directors

6.1 Directors must be members of the Association. The number of directors of this Association, their terms, and the manner in which they are appointed or otherwise elected shall be set forth in the bylaws of the Association.

6.2 The names and addresses of the persons who are to serve as the three initial directors of the Association, each of whom has consented to such appointment, are:

| <u>Name</u>    | <u>Address</u>  |
|----------------|---|
| Steve Kenny    | Post Office Box 324<br>Vancouver, Washington 98666                |
| Ron Dobyns     | Post Office Box 324<br>Vancouver, Washington 98666                |
| Bruce Romanish | 12507 N.E. 23 <sup>rd</sup> Avenue<br>Vancouver, Washington 98686 |

ARTICLE 7  
Bylaws

7.1 The bylaws of the Association regulate the internal affairs of the Association and may contain any provisions for the regulation and management of the affairs of the Association not inconsistent with these Articles of Incorporation, the Restated Declaration, and the Acts, and must at a minimum set forth the following:

7.1.1 The quorum and voting rights of members;

7.1.2 The number, qualifications, powers and duties, terms of office, and manner of electing and removing the board of directors and officers and filling vacancies;

7.1.3 Election by the board of directors of the officers of the Association;

7.1.4 Which, if any, of its powers the board of directors or officers may delegate to other persons or to a managing agent;

7.1.5 Which of its officers may prepare, execute, certify, and record amendments to the governing documents on behalf of the Association;

7.1.6 Subject to the provisions of the Association's governing documents, any other matters the Association deems necessary and appropriate.

7.2 The initial bylaws of the Association will be adopted by the Association's initial board of directors, and the bylaws may be amended as provided in Article 8 of these Articles of Incorporation.

ARTICLE 8  
Amendments

8.1 The power to amend, alter, change, restate, or repeal any provisions contained in these Articles of Incorporation is being reserved to the members of the Association. This power may be exercised at an annual meeting, or at a special meeting of the members called for such purpose at which a quorum is present. The proposed amendments to the Articles will be adopted upon receiving at least two-thirds of the votes of all members represented at the meeting, whether present in person or by proxy, or receipt of a mail-in ballot.

8.2 The power to alter, amend, restate or repeal the bylaws, or to adopt a new set of bylaws, shall be reserved to the members at an annual meeting, or at a special meeting called for that purpose at which a quorum is present. The bylaws or any amendments thereto, shall be adopted upon receiving at least a majority of the votes of all members represented at the meeting, whether present in person or by proxy, or received by mail as a ballot.

ARTICLE 9  
Funds and Assets

9.1 This Association may use its funds only to accomplish the purposes stated in these Articles and those which are consistent with Washington law and, if applicable, Section 501(c) of the Internal Revenue Code. The Association is not formed for pecuniary or financial gain, and no part of the funds of this Association may inure to the benefit of or be distributed to the directors or officers of the Association, except to the extent permitted under the Acts, these Articles of Incorporation, or the Association's bylaws.

9.2 The Association may not:

- (i) have or issue shares of stock;
- (ii) make any disbursement of income to its members, directors, or officers in such capacity; nor
- (iii) loan money or grant credit to its members, officers, or directors.

9.3 The Association may, however, pay compensation in a reasonable amount to its members, directors, or officers for services rendered and may confer benefits upon its members in conformity with its purposes.

9.4 In the event this Association dissolves, any assets of the Association after all the debts have been satisfied then remaining in the hands of the board of directors must be distributed to a public body or conveyed to a nonprofit organization with similar purposes.

ARTICLE 10  
Limitation on Liability

10.1 A director of the Association shall not be personally liable to the Association or its members for monetary damages for conduct as a director, except for liability of the director (i) for acts or omissions that involve intentional misconduct by the director or a knowing violation of law by the director, or (ii) for any transaction from which the director will personally receive a benefit in money, property, or services to that the director is not legally entitled. If the law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then, the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the law, as so amended.

10.2 Any repeal or modification of the foregoing paragraph by the directors or members of the Association shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.

ARTICLE 11  
Indemnification

The Association shall have the power and authority but not the obligation to indemnify the directors and officers of the Association, either existing or former, who may be party to any proceeding by reason of being or having served in such capacity on behalf of the Association, against any judgment, penalties, fines, settlements, and reasonable expenses including legal fees actually incurred by such director or officer in connection with such proceeding, to the full extent provided in RCW 23B.08.500, et seq., and RCW 24.03.043, or any amendments or restatements thereof. The Association shall also have the power and authority but not the obligation to provide indemnification to any employee or agent of the Association to the full extent allowed by law.

ARTICLE 12  
Registered Agent and Registered Office

The address of the initial registered office of the Association and the name of the initial registered agent of the Association at such street address shall be:

MN Service Corporation (WA)  
500 E. Broadway, Suite 400  
Post Office Box 694  
Vancouver, Washington 98666-0694

ARTICLE 13  
Articles of Incorporation

These Articles of Incorporation represent the full and complete Articles of Incorporation of The Villas at Salmon Creek Commons Homeowners Association notwithstanding any other document that may have been previously recorded with the Clark County Auditor or filed with the Washington Secretary of State that purports to be the same.

ARTICLE 14  
Construction

Unless otherwise defined in these Articles, capitalized terms will have the meaning given them in the Restated Declaration.

ARTICLE 15  
Incorporator

The name and street address of the Incorporator of the Association is as follows:

MN Service Corporation (WA)  
500 E. Broadway, Suite 400  
Post Office Box 694  
Vancouver, Washington 98666-0694

IN WITNESS THEREOF, I have subscribed my name and state that I have obtained the consent of each of the initial directors named to serve.

Date signed: \_\_\_\_\_, 2009 MN SERVICE CORPORATION (WA)

By: \_\_\_\_\_  
Meridee Pabst, Vice President

CONSENT TO APPOINTMENT AS REGISTERED AGENT

The undersigned hereby consents to serve as Registered Agent in the State of Washington for The Villas at Salmon Creek Commons Homeowners Association.

I understand that as agent for the Association, it will be my responsibility to receive service of process in the name of the Association; to forward all mail to the Association; and to immediately notify the office of the Secretary of State in the event of my resignation or of any changes in the registered office address of the Association for which I am agent.

Date signed: \_\_\_\_\_, 2009.

MN SERVICE CORPORATION (WA)

By: \_\_\_\_\_  
Meridee Pabst, Vice President

Address of Registered Agent:

500 E. Broadway, Suite 400  
Post Office Box 694  
Vancouver, Washington 98666-0694