

03/21/2005

STATE OF WASHINGTON

03/21/2005 567533  
\$50.00 Check #25744  
Tracking ID: 875226  
Doc No: 567533-001

UBI 602 485 137

**Articles of Incorporation  
for  
Highlands at Woodbrook Community Organization,  
A Washington Nonprofit Corporation**

The undersigned incorporator, in order to incorporate Highlands at Woodbrook Community Organization as a nonprofit corporation in accordance with Chapter 24.03 of the Revised Code of Washington, hereby signs in duplicate these Articles of Incorporation:

**Article I. Name**

The name of this corporation is Highlands at Woodbrook Community Organization.

**Article II. Duration**

The period of duration of this corporation shall be perpetual.

**Article III. Purpose**

The purposes for which this corporation is organized are to promote the welfare and interests of the residents of the plat of The Highlands at Woodbrook, the Subdivision as defined by the Declaration of Protective Covenants for The Highlands at Woodbrook as they may be recorded in King County, Washington, (referred to herein as the Covenants) by administering and enforcing the Covenants governing the use of the property in the Subdivision, approving plans for improvements of Lots in the Subdivision in accordance with the Covenants, engaging in civic improvement and development activities, acquiring, owning, improving, managing, repairing, maintaining and operating real and personal property for the benefit of its members, and to do such things as may be necessary and convenient to accomplish all such purposes.

**Article IV. Internal Regulations**

**Section 1. Lots.** As used in these Articles, Lot or Lots shall refer to Lots which are described in the Covenants.

**Section 2. Memberships.** There shall be a maximum of one membership for each Lot and no more memberships. The fee title owners of a Lot which is not subject to a recorded contract for purchase and sale or the holders of the vendee's interest under a recorded contract for the purchase of a Lot, shall hold the membership in this corporation. Such membership in this corporation shall be appurtenant to and not severable from such fee ownership or vendee's interest in the Lot and shall transfer and terminate with transfers and termination of such interests without further action on the part of this corporation or its several members. The membership shall stand in the name or names of the persons or parties who have such interests from time to time as the interests may appear in the public record. The holders of the memberships shall be members of this corporation.

**Section 3. Assessments.** Each membership shall be subject to an assessment in an amount determined by the directors for administrative costs of the corporation; for maintaining, repairing, improving, reconstructing, replacing and regulating any property which the corporation may own or lease from time to time; and for such other costs involved in accomplishing the corporate purposes.

The directors shall not levy a special assessment against the members nor increase the assessments against the members by more than five percent (5%) in any year without the prior approval of the owners of fifty-one percent (51%) of the Lots described in the Covenants, excluding the Lots owned by the Declarant named in the Covenants. The assessments shall be equally applied against each membership. The members who hold the membership shall be jointly and severally liable for assessments against the membership.

**Section 4. Voting.** Each membership shall be entitled to exercise one vote on each matter presented to the membership for consideration. There shall be no cumulative voting. A party which holds more than one membership shall have one vote for each membership it holds. The manner of exercising the vote shall be as set forth in the Bylaws.

**Section 5. Term of Initial Board.** The members of the initial board of directors shall serve for an initial term until 75% of the Lots have had single-family residences constructed thereon and are or have been occupied as residences, or until December 31, 2011, whichever first occurs. Any vacancy occurring in the initial board of directors, regardless of the cause therefor, shall be filled by the action of the remaining directors on the board.

**Section 6. Election of Directors.** Upon the expiration of the initial term of the initial board of directors, three directors shall be elected by the membership. One director shall be elected for a term of two years and two directors shall be elected for a term of one year. The term of such directors shall end on the day of the month on which the annual meeting of the membership is held; provided that in any event each of such directors shall serve a term of at least one full year. Thereafter, at the expiration of the term of each of such directors, a director shall be elected for a term of two years to fill the vacancy. In any event, each director shall serve until a successor is elected and qualified and shall be elected at an annual meeting of members.

**Section 7. Qualification of Directors.** After the initial term of directors ends, no person shall be qualified to be elected as director of this corporation or to continue to hold office as director of this corporation unless such person is a member of this corporation, except that (a) an employee of a corporation which is a member, (b) a partner of a partnership which is a member, (c) an employee of a partnership which is a member, (d) a member of a limited liability company which is a member and (e) an employee of a limited liability company which is a member, shall be qualified to serve as director of this corporation.

**Section 8. Reserves.** As determined by its directors, from time to time this corporation may establish and maintain reasonable reserves for maintenance and replacement of its property.

**Section 9. Amendment.** This Article IV shall not be amended without the unanimous consent of all memberships entitled to vote, except that after the initial term of the initial board of directors expires, the number of directors and their terms of office may be amended by a majority vote of the membership.

#### **Article V. Initial Registered Agent**

The address of the initial registered office of the corporation is 6510 Southcenter Blvd. Suite 1, Tukwila, Washington, 98188, and the name of the initial registered agent of this corporation at such address is Schneider Homes, Inc., a Washington corporation.

**Article VI. Initial Board of Directors**

The initial board of directors shall be constituted of three directors. The names and addresses of the persons who are to serve as the initial directors are: Harry J. Schneider, Murray D. Dick and Johanna M. Colman and each of their addresses is 6510 Southcenter Blvd., Suite 1, Tukwila, Washington 98188.

**Article VII. Incorporator**

The name and address of the incorporator is Schneider Homes, Inc., 6510 Southcenter Blvd., Suite 1, Tukwila, Washington, 98188.

**Article VIII. Distribution on Dissolution**

In the event the corporation is dissolved, the net assets of the corporation shall be distributed in equal shares one share for each membership to the parties holding such memberships as their interests may appear.

**Article IX. Indemnification**

No director shall be personally liable to the corporation or to any of its members for monetary damages for conduct as a director; provided that this provision shall not eliminate or limit the liability of a director for acts or omissions that involve intentional misconduct by the director or a knowing violation of law by a director or for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. In addition to and without limiting the foregoing, to the full extent permitted by law each officer and director of this corporation shall be indemnified by the corporation from and on account of any liability for acts or omissions occurring during the course of business or activities undertaken on behalf of the corporation. This indemnification shall include indemnification against all costs and expenses, including attorneys' fees, litigation costs, civil penalties, fines and other charges incurred incident thereto. However, this indemnification shall not apply in any action by or on behalf of the corporation against an officer or director in which action the officer or director has been adjudged liable to the corporation or to any proceeding charging improper personal benefit to the officer or director, whether or not involving action in the officer's or director's official capacity, in which proceeding the officer or director has been adjudged liable on the basis of the officer's or director's improper receipt of a personal benefit. To the extent that it is necessary for the directors to implement this indemnification, at the request of an officer or director, the directors shall take such action as is appropriate and allowable to implement this indemnification.

DATED: March 12, 2005.

Schneider Homes, Inc.  
a Washington corporation

By:   
Gerald E. Schneider, President