

UNITED STATES OF AMERICA

The State of Washington



Secretary of State

I, **SAM REED**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

**CERTIFICATE OF INCORPORATION**

to

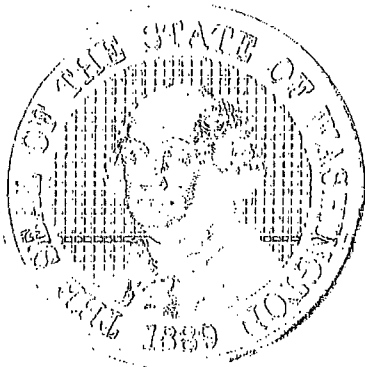
**KENDALL YARDS HOMEOWNERS ASSOCIATION**

a/an WA Non-Profit Corporation. Charter documents are effective on the date indicated below.

Date: 8/20/2010

UBI Number: 603-041-144

APPID: 1805994



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

A handwritten signature in cursive script that reads "Sam Reed".

Sam Reed, Secretary of State

FILED  
SECRETARY OF STATE  
AUG 20 2010  
STATE OF WASHINGTON

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ARTICLES OF INCORPORATION  
OF  
KENDALL YARDS HOMEOWNERS ASSOCIATION

I, the undersigned, acting as the incorporator of a corporation under the provisions of the Washington Nonprofit Corporation Act (Chapter 24.03 of the Revised Code of Washington), hereby certify, declare and adopt the following Articles of Incorporation for such corporation.

**Article I: Name**

The name of the corporation shall be KENDALL YARDS HOMEOWNERS ASSOCIATION (hereinafter referred to as the "Corporation").

**Article II: Duration**

The Corporation shall have perpetual existence.

**Article III: Purposes and Powers**

Section 1. Purposes. The purposes for which this Corporation is formed consist of the following:

A. This Association is organized as a nonprofit corporation and does not contemplate the distribution of income to its Members, Trustees or officers, and its object is not the generation of pecuniary profit. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation and architectural control of the Association property within that certain development situated in the City of Spokane, County of Spokane, Washington, commonly known as "Kendall Yards Homeowners Association", and to promote the health, safety, welfare, recreation, education, and social interaction of all residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for such purpose, all according to that certain Declaration of Covenants, Conditions and Restrictions and Reservation of Easements (the "Declaration") recorded or to be recorded with respect to said property in the Office of the Auditor of Spokane County.

In furtherance of said purposes, and subject to the approval of Members as required by the Declaration, the Bylaws, or by law, this Association shall have power to:

- (a) Perform all of the duties and obligations of the Association as set forth in the Declaration;
- (b) Fix, levy, collect and enforce Assessments and fines as set forth in

the Declaration;

(c) Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Association property;

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

(e) Make contracts and incur liabilities, borrow money and mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) Dedicate, sell, transfer, or grant easements over all or any part of any Association Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members;

(g) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional property to the property managed by the Association;

(h) Have and exercise any and all powers, rights, and privileges which a corporation organized under the Washington Nonprofit Corporation Act by law may now or hereafter have or exercise.

B. This Corporation shall be allowed to engage in any other lawful activity which may hereafter be authorized from time to time by the Board of Directors.

C. To do any and all lawful activities which may be necessary, useful or desirable for the furtherance, accomplishment, fostering or attainment of the foregoing purposes, either directly or indirectly and either alone or in conjunction or cooperation with others, whether such others be persons or organizations of any kind or nature, such as corporations, firms, associations, trusts, institutions, foundations, or governmental bureaus, departments, or agencies.

Section 2. Powers. The Association shall have the powers of a corporation organized under the corporation laws of the State of Washington applicable to nonprofit corporations, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles of Incorporation, the Bylaws, and the Declaration. The Association shall have the power to do any and all lawful things which may be authorized; required or permitted to be done by the Association under Washington law and under the Declaration, the Articles of Incorporation and the Bylaws, and to do and perform any and all acts which may be necessary to, proper for, or incidental the powers so conferred, or are conducive to the attainment of the Corporation's purposes.

The Corporation shall have the power to do all lawful acts or things necessary, appropriate or desirable to carryout and in furtherance of its purposes described in this Article III.

#### **Article IV: Members and Membership**

1. Non-Stock Corporation. Participation in management and ownership of the Association shall be by membership only. The Association shall issue no stock and shall have no shareholders.

2. Membership. The Owner of a Unit shall automatically, upon becoming an Owner, be a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Association.

3. Transferred Membership. Membership in the Association shall not be transferred, pledged, assigned or alienated in any way, except upon the transfer of Owner's title of the Unit to which it is appurtenant, and then only to the transferee of such title. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Association.

4. Limitation of Payment to Dissenting Member. Except upon dissolution of the Association, a dissenting Member shall not be entitled to any return of any contribution or other interest in the Association.

#### **Article V: Voting Rights**

1. Classes of Membership. The Association shall have two (2) classes of voting membership established according to the following provisions:

(a) Class A Membership. Class A membership shall be that held by each Owner of a Unit, other than the "Declarant" or a Builder (as defined in the Declaration), and each Class A Member shall be entitled to one (1) vote for each Unit owned. If a Unit is owned by more than one (1) person, each such person shall be a Member of the Association, but there shall be no more than one (1) vote for each Unit.

(b) Class B Membership. Class B Membership shall be that held by the Declarant (or its successor-in-interest) who shall be entitled to ten (10) votes for each Unit owned by Declarant; provided that Class B membership shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

(1) The date which is 25 years following recording of the Declaration,

or

(2) The date on which the Declarant has recorded the plats on all Expansion Property, as defined in Paragraph 1.2 of the Declaration, and has sold ninety percent (90%) of the Lots to Owners other than Declarant in each of the Plats.

The Bylaws may set forth additional classifications of membership from time to time, except no additional classifications shall be created during the Period of Declarant Control unless the Declarant agrees in writing to any new or different class.

#### **Article VI: Registered Office and Agent**

The address of the initial registered office of the Corporation shall be 1421 N. Meadowwood Lane, Suite 120, Liberty Lake, WA 99019. The name of the initial registered agent of the Corporation at such address shall be Joseph Frank.

#### **Article VII: Directors**

The Board of Directors shall consist of not less than three (3) directors nor more than seven (7) directors. The number of Directors may be changed by amendment of the Bylaws of the Corporation, but in no event shall the number be less than three (3). The initial Board of Directors shall consist of three (3) individuals. The names and addresses of the persons who are to serve as the initial directors of the Corporation are as follows:

Name	Address
Joseph Frank	1421 N. Meadowwood Lane, Suite 120 Liberty Lake, WA 99019
James Frank	1421 N. Meadowwood Lane, Suite 120 Liberty Lake, WA 99019
Jason Wheaton	1421 N. Meadowwood Lane, Suite 120 Liberty Lake, WA 99019

The powers and duties, number, qualifications, terms of office, manner of election, time and criteria for removal of directors shall be as set forth in the Bylaws of the Corporation.

#### **Article VIII: Director Liability Limitations**

A director shall have no liability to the Corporation for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct by the 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. If the

Washington Nonprofit Corporation Act is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the full extent permitted by the Washington Nonprofit Corporation Act, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification for or with respect to an act or omission of such director occurring prior to such repeal or modification.

Directors of the Corporation shall not be personally liable to the Corporation or its members, if any, for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, where the director votes or assents to a distribution which is unlawful or violates the requirements of these articles of incorporation, 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.

#### **Article IX: Indemnification**

1. Right to Indemnification. Each person who was, or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer, he or she is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, trustee, Officer, employee or agent or in any other capacity while serving as a director, trustee, officer, employee or agent, shall be indemnified and held harmless by the Corporation, to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, trustee, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 2 of this Article with respect to proceedings seeking solely to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this Section 1 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to

be indemnified under this Section I or otherwise.

2. Right of Claimant to Bring Suit. If a claim for which indemnification is required under Section I of this Article is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. The claimant shall be presumed to be entitled to indemnification under this Article upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the Corporation), and thereafter the Corporation shall have the burden of proof to overcome the presumption that the claimant is not so entitled. Neither the failure of the Corporation (including its board of directors, independent legal counsel or its members, if any) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses of the claimant is proper in the circumstances nor an actual determination by the Corporation (including its board of directors, independent legal counsel or its members, if any) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

3. Nonexclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of members, if any, or disinterested directors or otherwise.

4. Insurance, Contracts and Funding. The Corporation may maintain insurance at its expense to protect itself and any director, trustee, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such persons against such expense, liability or loss under the Washington Business Corporation Act, as applied to nonprofit corporations. The Corporation may, without further membership action, enter into contracts with any director or officer of the Corporation in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

5. Indemnification of Employees and Agents of the Corporation. The Corporation may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Corporation with the same scope and effect as the

provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation or pursuant to rights granted pursuant to, or provided by, the Washington Business Corporation Act, as applied to nonprofit corporations, or otherwise.

#### Article X: Bylaws

Bylaws of the Corporation may be adopted by the Board of Directors at any regular meeting or any special meeting called for that purpose, so long as they are not inconsistent with the provisions of these Articles. The authority to make, alter, amend or repeal bylaws is vested in the Board of Directors and may be exercised at any regular or special meeting of the Board of Directors.

#### Article XI: Dissolution


This Association shall be dissolved and its affairs wound up upon the vote of the Declarant and seventy-five percent (75%) of the Class A Members. In the event of the dissolution, liquidation or winding up of the Association, after paying or adequately providing for the debts and obligations of the Association, the Directors or person in charge of the liquidation shall distribute the remaining assets to a nonprofit corporation or other entity charged with the administration of the project. If the project is terminated or if there is no such entity formed to take over administration of the project, then the remaining assets shall be distributed among the Members in accordance with their respective rights thereto as established in the Declaration.

#### Article XII: Incorporator

The name and address of the incorporator of the Corporation is as follows:

<u>Name</u>	<u>Address</u>
Joseph Frank	1421 N. Meadowwood Lane, Suite 120 Liberty Lake, WA 99019

IN WITNESS WHEREOF, the undersigned has signed these Articles of Incorporation this 20 day of AUGUST, 2010.

  
\_\_\_\_\_  
JOSEPH FRANK, Incorporator




**CONSENT TO APPOINTMENT AS REGISTERED AGENT**

I, JOSEPH FRANK, hereby consent to serve as registered agent, in the State of Washington, for the following Corporation:

**KENDALL YARDS HOMEOWNERS ASSOCIATION**

I understand that as agent for the Corporation, it will be my responsibility to accept Service of Process in the name of the Corporation; to forward all mail and license renewals to the appropriate officers) of the Corporation; and to immediately notify the Office of the Secretary of State of my resignation or of any changes in the address of the registered office of the Corporation for which I am agent.

DATED this 20 day of AUGUST, 2010

  
\_\_\_\_\_  
JOSEPH FRANK, Registered Agent

Registered Office Address:

1421 N. Meadowwood Lane, Suite 120  
Liberty Lake, WA 99019