

ARTICLES OF INCORPORATION  
OF  
THE BIG SKY HOMEOWNERS' ASSOCIATION

The undersigned incorporator of a corporation under the provisions of the Washington Nonprofit Corporation Act (Revised Code of Washington 24.03) and Chapter 64.38 RCW, Homeowners' Associations (collectively referred to herein as the "Acts"), adopts the following articles of incorporation:

ARTICLE 1

Name

The name of the Corporation shall be THE BIG SKY HOMEOWNERS' ASSOCIATION (hereafter referred to as the "Association."

ARTICLE 2

Period of Duration

The period of duration of the Association shall be 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 The Big Sky property described in and subject to the Declaration of Covenants, Conditions, Restrictions, and Easements, as amended or otherwise supplemented (the "Declaration"); and

3.1.3 To do everything necessary, proper, advisable, and convenient for the accomplishment of this purpose.

ARTICLE 4

Powers

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

4.1.1 Adopt and amend Bylaws to the extent they are not inconsistent with the Acts or any other Governing Document;

4.1.2 Adopt and amend Rules and Regulations to the extent they are not inconsistent with the Acts or any other Governing Document;

4.1.3 Adopt and amend budgets for revenues and expenditures and impose and collect assessments for common expenses from Members as provided in any Governing Document;

4.1.4 Obtain and maintain in force policies of insurance as provided in any Governing Document;

4.1.5 The Association, through its Board of Directors, may 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 and Common Areas as provided in the Declaration and any other Governing Document;

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;

4.1.11 Grant easements, leases, licenses, and concessions through or over the Common Areas, 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 Declaration and any other Governing Document;

4.1.13 Create various classes of service and make appropriate Assessments or charges therefor to the users of such services without being required to render such 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 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 The Big Sky as may be provided in the Bylaws of the Association;

4.1.16 Exercise any other powers conferred by any other Governing Document;

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 §24.03.035 RCW 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 from time to time 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 shall have Members consisting of every Owner of one or more Lots located within the Association's jurisdiction. Such membership shall commence, exist, and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

5.2 As provided in the Declaration, the Association shall have two classes of voting membership:

5.2.1 Class A. Class A Members shall be all Owners with the exception of the Class B Member, who shall be entitled to one vote for each Lot owned. When more than one person or entity holds an interest in any Lot, all such persons or entities shall be Members. The vote for such Lot shall be exercised as the Members among themselves determine, but in no event shall more than one vote be cast with respect to each Lot.

5.2.2 Class B. The Class B Member shall be the Declarant and shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to

Class A membership when all of the Lots in The Big Sky have been sold and conveyed to Owners other than a successor Declarant or at such earlier time as Declarant may elect to terminate such special voting rights.

5.3 Voting rights of Members shall be as set forth in the 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 Declaration.

ARTICLE 6  
Board of Directors

6.1 Directors shall be Members of the Association. The number of directors of this Association, their terms, and the manner in which they shall be 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 initial directors of the Association, each of whom has consented to such appointment, are as follows:

Name	Address
Thomas Arrowsmith	5512 N.E. 109 <sup>th</sup> Court, Suite 101 Vancouver, WA 98662
Jeremy Anderson	5512 N.E. 109 <sup>th</sup> Court, Suite 101 Vancouver, WA 98662
Molly Simonetta	5512 N.E. 109 <sup>th</sup> Court, Suite 101 Vancouver, WA 98662

ARTICLE 7  
Bylaws

7.1 The Bylaws of the Association shall 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 Declaration, and the Acts, and shall 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 shall be adopted by the Association's initial Board of Directors, which Bylaws may be amended as provided herein.

## ARTICLE 8 Amendments

8.1 The power to amend, alter, change, restate, or repeal any provisions contained in these Articles of Incorporation shall be reserved to the Members of the Association. Such 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 shall 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 received by mail as a 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 shall 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 shall 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 shall 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 shall 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 which 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 which 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 East Broadway, Suite 400  
PO Box 694  
Vancouver Washington 98660-0694

ARTICLE 13  
Articles of Incorporation

These Articles of Incorporation represent the full and complete Articles of Incorporation of The Big Sky Homeowners' Association notwithstanding any other document that may have been previously recorded with the Spokane County Auditor that purports to be the same.

ARTICLE 14  
Construction

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

ARTICLE 15  
Incorporator

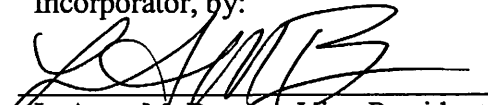
The name and street address of the Incorporator of the Association is as follows:

MN Service Corporation (WA)      Post Office Box 694  
Vancouver, Washington 98666-0694

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

Date Signed: August 13, 2004.

MN SERVICE CORPORATION (WA)  
Incorporator, by:

  
\_\_\_\_\_  
LeAnne M. Bremer, Vice-President

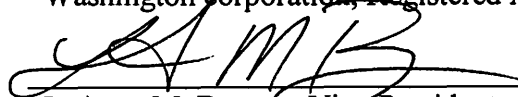
CONSENT TO APPOINTMENT AS REGISTERED AGENT

The undersigned hereby consents to serve as Registered Agent in the State of Washington for THE BIG SKY 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: August 13, 2004.

MN SERVICE CORPORATION (WA), a  
Washington corporation, Registered Agent, by:

  
\_\_\_\_\_  
LeAnne M. Bremer, Vice-President

Address of Registered Agent:

500 East Broadway, Suite 400  
PO Box 694  
Vancouver, WA 98660-0694