

# **ARTICLES OF INCORPORATION OF PONDEROSA RIDGE OWNERS ASSOCIATION**

KNOW ALL MEN BY THESE PRESENTS that JAMES FRANK, being over the age of eighteen (18) years, and for the purposes of forming a corporation under the Washington Nonprofit Corporation Act. hereby certifies and adopts the following Articles of Incorporation:

## **ARTICLE I. NAME**

The name of the Corporation (hereinafter called the "Association") is Ponderosa Ridge Owners Association, and it is a nonprofit corporation.

## **ARTICLE II. DURATION**

The Association shall exist perpetually.

## **ARTICLE III. PURPOSES AND POWERS OF THE ASSOCIATION**

This Association does not contemplate the distribution of gains, profits, or dividends to its Members. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation, insurance, and architectural control of property either owned by, or within the jurisdiction of, the Association (the "Association Property"), within that certain residential development in the City of Spokane, Spokane County, Washington, commonly known as "Ponderosa Ridge" and to promote the health, safety and welfare of all owners and tenants using the above-described property, all according to that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") recorded or to be recorded with respect to said property in the office of the Spokane County Auditor by Ponderosa Ridge, L.L.C., a Washington limited liability company, as "Declarant."

In furtherance of said purposes, and subject to the approval of Members as required by the Declaration and the remaining Project Documents (as defined in the Declaration), 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 as defined and 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, 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 the Association Property 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 Nonprofit Corporation Act of the State of Washington by law may now or hereafter have or exercise.

#### ARTICLE IV.

#### **MEMBERS AND MEMBERSHIP**

**Section 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.

**Section 2. Membership.** The "Owner" of a "Lot" (as such terms are defined in the Declaration) shall automatically, upon becoming an Owner, be a Member of the Association, and shall remain a Member thereof until such time as his or her ownership ceases for any reason, at which time his or her membership in the Association shall automatically cease. Membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Association.

**Section 3. Transferred Membership.** Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his or her name to the purchaser of his or her Lot, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

**Section 4. Two Classes of Membership.** The Association shall have two (2) classes of voting membership, established as follows:

a. **Class A Membership.** Class A Membership, shall be that held by each Owner of a Lot other than the Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned. If a Lot is owned by more than one (1) person, each such person shall be a Member of the Association, but the voting power attributable to that Lot shall not be increased by the joint ownership, and the vote of that Lot shall not be split. If the Owners of a particular Lot present at a meeting, in person or by proxy, cannot agree on how to vote on a specific matter, no vote shall be exercised by the Lot on that matter.

b. **Class B Membership.** Class B Membership shall be that held by the Declarant (or its successor-in-interest with respect to the Project), which shall be entitled to three (3) votes for each Lot owned by the 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 if first in time:

(1) When the total outstanding voting power held by the Class A Members in a particular Phase equals the total outstanding voting power (tripled as above) held by the Class B Member; provided, that Class B Membership shall thus terminate only with respect to that particular Phase; or

(2) On the fifteenth (15) anniversary of the recordation of the Declaration or of the Declaration of the Declaration of Annexation for the most recently annexed Phase of the Project.

**Section 5. Voting Requirements.** Any action by the Association which must have the approval of the Association membership before being undertaken, shall require the vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present (both classes combined), unless a greater proportion or a different tabulation of votes is required by the Washington Nonprofit Corporation Act, these Articles of Incorporation, the Declaration, or the Bylaws.

**Section 6. Limitation of Payment to Dissenting Member.** Membership in the Association is appurtenant to and cannot be segregated from ownership of a Lot within the jurisdiction of the Association. 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.**

**INITIAL REGISTERED OFFICE AND AGENT**

The initial registered office of the Association shall be at c/o Greenstone Corporation, 1421 N. Meadowwood, No. 200, Liberty Lake, WA 99019, and the registered agent at such address shall be James Frank.

**ARTICLE VI.**

**BOARD OF DIRECTORS; INCORPORATOR**

The affairs of this Association shall be managed by a Board of three (3) Directors, who shall be Members of the Association, or agents of a corporate Member. The Declarant shall retain the right to control the Board of the Association by appointing a majority of the Directors, for so long as the Declarant holds a substantial ownership interest in the Project, according to the Bylaws. The names and addresses of the initial three (3) Directors of the Association until the selection of their successors, are:

<u>Name</u>	<u>Address</u>
James Frank	c/o Greenstone Corporation 1421 N. Meadowwood, No. 200 Liberty Lake, WA 99019
Jason Wheaton	c/o Greenstone Corporation 1421 N. Meadowwood, No. 200 Liberty Lake, WA 99019
Mary Duncan	c/o Greenstone Corporation 1421 N. Meadowwood, No. 200 Liberty Lake, WA 99019

The name and address of the incorporator of this Association is as follows:

<u>Name</u>	<u>Address</u>
James Frank	c/o Greenstone Corporation 1421 N. Meadowwood, No. 200 Liberty Lake, WA 99019

**ARTICLE VII.**  
**INDEMNIFICATION**

A Director of the Association shall not be personally liable to the Association for monetary damages arising from any conduct as a Director, except this limitation on liability shall not apply to (i) acts or omissions involving intentional misconduct by the Director or a knowing violation of law by the Director; or (ii) 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 Business Corporation Act and/or the Washington Nonprofit Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of corporate Directors, then the liability of a Director of this Association shall be eliminated or limited to the fullest extent permitted by such law or laws, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Association existing at the time of such repeal or modification.

The Association has the power to indemnify, and to purchase and maintain insurance for, its Directors, officers, trustees, employees, and other persons and agents. Without limiting the generality of the foregoing, the Association shall indemnify its Directors against all liability, damages, and costs or expenses (including attorneys fees) arising from or in any way connected with service for, employment by, or other affiliation with this Association to the maximum extent and under all circumstances permitted by law.

**ARTICLE VIII.**  
**DISSOLUTION**

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 IX.**  
**AMENDMENT OF ARTICLES**

These Articles may be amended at any time and in any manner by the vote of sixty-seven percent (67%) of a quorum of the total voting power of the Association, both classes combined (and the consent of the Declarant, where the Declarant owns at least fifteen percent (15%) of Lots in the Project) or by the unanimous consent of the Members; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision; and provided further, that any such amendment shall not be inconsistent with the law.

For the purpose of forming this Association under the laws of the State of Washington, the undersigned, being the incorporator of this Association, has executed these Articles of Incorporation on June 26<sup>th</sup>, 2003.



JAMES FRANK

**CONSENT TO SERVE AS REGISTERED AGENT**

I, JAMES FRANK, hereby consent to serve as registered agent in the State of Washington, for the corporation known as PONDEROSA RIDGE OWNERS 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.

DATED: June 26<sup>th</sup>, 2003.

A handwritten signature in black ink, appearing to read 'J. Frank', written in a cursive style.

JAMES FRANK.

**UNANIMOUS CONSENT OF DIRECTORS  
OF  
PONDEROSA RIDGE OWNERS ASSOCIATION**

We, the undersigned Directors, being all of the Directors named in the Articles of Incorporation of PONDEROSA RIDGE OWNERS ASSOCIATION, in lieu of an organizational meeting, and pursuant to the Washington Nonprofit Corporation Act, do hereby consent to adopt, and we hereby adopt, the following resolutions:

1. WHEREAS, the Directors have reviewed proposed Bylaws relating to the business of the Association, the conduct of its affairs, its rights and powers, and the rights and powers of its shareholders, Directors, and officers;

NOW, THEREFORE, BE IT RESOLVED, that the Bylaws, as reviewed by the Directors, are hereby adopted as and for the Bylaws of the Association. The Secretary is directed to cause a certified copy to be inserted in the Minute Book immediately following the Articles of Incorporation.

2. RESOLVED, that the following persons were unanimously elected to serve as the officers of the Association, to hold office until the first annual meeting of Members and until their successors are duly elected and qualified:

President	Jason Wheaton
Vice-President	James Frank
Secretary-Treasurer	Mary Dune an

3. RESOLVED, that the President of this Association is hereby authorized to pay all charges and expenses incident to or arising out of the organization of this Association, and to reimburse the persons who have made any disbursements therefor.
4. RESOLVED, that Washington Trust Bank, is hereby selected as the bank of and for the depository for the funds of this Association.
5. RESOLVED, that the Association shall conduct its affairs on the basis of a calendar year, and shall maintain its accounting records on a cash basis.
6. RESOLVED, that the President and Treasurer are hereby authorized and directed to execute, on behalf of the Association, all such elections as are available to reduce or eliminate the tax liability of the Association including, without limitation, an election under Section 528 of the Internal Revenue Code. In connection therewith, the Board shall take such steps as are necessary to assure that the Association qualifies for such election or elections.

We duly execute and sign this Consent in lieu of holding, conducting, and attending a Directors' Meeting.

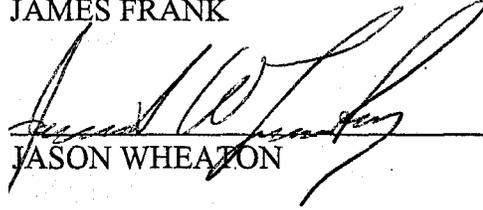
We further authorize and direct the officers of the Association to take all action necessary and proper to effect the proposed corporate action. We hereby state that this Consent shall have the same force and effect as the unanimous vote of said Directors at a Directors' Meeting.

This Consent may be executed in counterparts. DATED this 26<sup>th</sup> day of  
June, 2003.



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JAMES FRANK



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JASON WHEATON

MARY DUNCAN