

ARTICLES OF INCORPORATION
OF
THE LEXINGTON HILLS HOMEOWNERS ASSOCIATION

E. J. Rody & Sons, a Washington General Partnership, for the purpose of forming a miscellaneous & mutual under Chapter 24.06 of the Revised Code of Washington, adopts the following Articles of Incorporation:

ARTICLE I

NAME

The name of the corporation shall be THE LEXINGTON HILLS HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association."

ARTICLE II

DURATION

The period of duration of the Association shall be perpetual.

ARTICLE III

PURPOSES

Said Association is organized exclusively as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986 (or the corresponding provision of any future U. S. Internal Revenue law). This Association does not contemplate pecuniary gain or profit to its Members.

The specific purposes for which this Association is formed are to provide for maintenance, preservation, and architectural control of the buildings, grounds, and common areas of certain property in Pierce County, Washington (the "Property"), more particularly described on Exhibit "A."

The Property is subject to a Declaration of Covenants, Conditions and Restrictions (the "Declaration"), which was recorded on January 19, 1993 , with the Pierce County Auditor under No. 9301190348 and which authorized the formation of an Association. The Property is referred to in the Declaration definition as Lexington Hills. The Association shall promote the health, safety, and welfare of the residents within the Property, all in accordance with the provisions of the Declaration. Without limiting the foregoing, the Association shall have the authority to:

- a)** Exercise all of the powers and privileges, and perform all of the duties and obligations of the Association as set forth in the Declaration, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length.
- b)** Fix, levy, collect, and enforce payment by any lawful means, of all charges or

assessments pursuant to the terms of the Declaration, and pay all expenses in connection therewith, and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association.

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

d) Borrow money, and with the assent of two-thirds (2/3) of its Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

e) Dedicate, sell, or transfer all or any part of any common area, Easement Roadways, or other recorded easements to any public agency, authority, or other utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of the Members of the Association, agreeing to such dedication, sale or transfer.

f) Participate in mergers and consolidations with other unincorporated associations or nonprofit corporations organized for the same purposes, or annex additional residential property, Easement Roadways, or common area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of the Members of the Association.

g) Have and exercise any and all powers, rights, and privileges which a corporation organized under the Nonprofit Corporation Law of the State of Washington by law may now or hereafter have or exercise.

ARTICLE IV DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than three-quarters (3/4) of the Association's Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is not accepted, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE V

REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Association is: 1624 East 72nd Street, Tacoma, WA 98404, and the name of its registered agent at such address is Kenneth G. Rody.

ARTICLE VI

MANAGEMENT

The affairs of the Association shall be managed by the Board of Directors. The right to make, alter or repeal the Bylaws of the Association is reserved exclusively to the Members of the Association as set forth in the Bylaws.

ARTICLE

VII DIRECTORS

The number of directors constituting the initial Board of Directors of the Association is three (3) and the names and addresses of the persons who are to serve as directors until the first annual meeting of the Members or until their successors are elected and qualified are:

1) Harold Rody
President
1624 East 72nd Street
Tacoma, WA 98404

2) Lawrence Rody
Vice President
1624 East 72nd Street
Tacoma, WA 98404

3) Kenneth Rody
Secretary/Treasurer
1624 East 72nd Street
Tacoma, WA 98404

The number, qualification, terms of office, manner of election, time and place of meetings, and powers and duties of the directors shall be prescribed in the Bylaws.

ARTICLE VIII

LIMITATION OF DIRECTOR LIABILITY

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 known 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 Washington Business Corporation Act is amended to authorize corporate actions 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 Washington Business Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the members of the Association shall not adversely affect any right or protection of any previous or then existing director(s) of the Association prior to the time of such repeal or modification.

ARTICLE IX

INDEMNIFICATION OF DIRECTORS & OFFICERS

The Association has the power to indemnify its directors and officers, against all liability, damage, and expenses arising from or in connection with service as directors and officers with this Association to the maximum extent and under all circumstances permitted by law, as more fully set forth in the Bylaws.

ARTICLE X

INCORPORATOR

The name and address of the incorporator is: E. J. Rody & Sons, a Washington general partnership, c/o 1624 East 72nd Street, Tacoma, WA 98404.

ARTICLE XI

EARNINGS

No part of the net earnings of the Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of Association property, and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any individual or private shareholder.

ARTICLE XII

MEMBERS

Every Owner of a Lot in Lexington Hills shall be a Member of this Association. Membership shall be appurtenant to and may not be separated from ownership of the Lot which is subject to assessment.

ARTICLE XIII

VOTING MEMBERSHIP

Each Owner shall have one vote on all matters submitted to the membership of the Association for each Lot owned by him, her, or them within Lexington Hills.

ARTICLE XIV

AMENDMENT

These Articles may be amended during the first twenty-year (20) period by the assent of ninety percent (90%) of the entire membership, and thereafter by seventy-five percent (75%) of the membership; provided, however, that the Board of Directors shall have the authority to appoint a new Registered Agent, and the directors shall be appointed as stated in the Bylaws.

ARTICLE XV

TERMS

The terms used in these Articles of Incorporation shall have the same meaning as in the Declaration. IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Washington, the undersigned, constituting the incorporator of this corporation, have executed these Articles of Incorporation this 19th day of January 1993.

EXHIBIT "A"

Legal Description

The South 1/2 of the Southwest 1/4 of the Northeast 1/4 and the Northwest 1/4 of the Southeast 1/4 and the North 1/2 of the Southwest 1/4 of the Southeast 1/4 of Section 31, Township 20 North, Range 4 East of the Willamette Meridian.