



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

MEADOWWOOD ESTATES PHASE III
HOMEOWNERS ASSOCIATION

a Washington Non Profit corporation. Articles of Incorporation were filed for record in this office on the date indicated below.

UBI Number: 602 115 070

Date: April 19, 2001



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

Sam Reed, Secretary of State 2-951600-2

44-1107.0
2001

Validation
Val: 04/19/2001 - 248142
\$50.00 on 04/19/2001
Check - 04/11/2001 - 1009

602 115070
2-95/600-2

ARTICLES OF INCORPORATION
OF
MEADOWWOOD ESTATES PHASE III HOMEOWNERS ASSOCIATION

FILED
SECRETARY OF STATE

APR 19 2001

STATE OF WASHINGTON

The undersigned, acting as incorporator of a corporation under the Washington Non-Profit Miscellaneous and Mutual Corporations Act (the "Act"), adopts the following Articles of Incorporation for MeadowWood Estates Phase III Homeowners Association.

ARTICLE 1. NAME

The name of this corporation shall be MEADOWWOOD ESTATES PHASE III HOMEOWNERS ASSOCIATION (the "Association").

ARTICLE 2. DURATION

The duration of the Association shall be perpetual.

ARTICLE 3. PURPOSES AND POWERS

3.1 Purposes. The purpose for which the Association is organized is to provide an entity for the operation of a residential development known as The Estates at MeadowWood located in Spokane County, Washington (the "Property"). The Association shall engage in all such activities as are incidental or conducive to the attainment of the objectives of the Association and all activities that are permitted to be done by a nonprofit corporation under any laws that may now or hereafter be applicable or available to this Association.

3.2 Powers. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration and Covenants, Conditions, Restrictions, Easements and Reservations for The Estates at MeadowWood Phase II, recorded with the Auditor's Office of Spokane County, Washington, as it may from time to time be amended (the "Declaration"). The powers of this Association shall include, without limitations, the following:

3.2.1 The power to perform all duties and obligations of the Association as set forth in the Declaration;

3.2.2 The power to fix, levy, collect and enforce payment by any lawful means of all charges or assessments made pursuant to the Declaration and to pay all expenses in connection therewith and all office or other expenses incident to the conduct of the business of the Association, including all licenses, taxes and government charges levied or imposed against the property of the Association;

3.2.3 The power to acquire by gift, pledge 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;

3.2.4 The power to borrow money, and with the consent of at least sixty-seven percent (67%) of the voting power of the Association, mortgage, pledge, encumber or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

3.2.5 With the consent of at least sixty-seven percent (67%) of the voting power of the Association, the power to dedicate, sell, transfer or grant easements over, on, under, above or across all or any part of the common area of the Property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Board;

3.2.6 The power to participate in mergers and consolidations with other non-profit corporations for the same purposes, provided that any such merger or consolidation shall have the consent of at least sixty-seven percent (67%) of the voting power of the Association;

3.2.7 The power to have or exercise any and all powers, rights and privileges that a corporation created under the Act may now or hereafter have or exercise;

3.2.8 The power to enter into management contracts as specified in the Declaration; and

3.2.9 With the consent of at least fifty-one percent (51%) of the voting power of the Association, the power to grant easements to private utilities within the ten (10) foot easement strip along all front property lines as provided in the Declaration.

ARTICLE 4. MEMBERS

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

4.2 Membership. The owner of a Lot, as defined in the Declaration, shall automatically be a member of the Association upon becoming an owner, and shall remain a member in the Association until such time as such ownership ceases, for any reason, at which time such owner's membership in the Association shall automatically terminate. Membership shall be defined and governed by these Articles, the Declaration and the Bylaws of the Association.

4.3 Transfer of Ownership. No member may transfer, pledge, encumber or alienate any portion of a Membership interest in the Association, except upon the transfer of ownership of the Lot to which it is appurtenant. In that event, membership shall transfer automatically to the new Lot owner. Any attempt to make a prohibited transfer is void. In the

event the owner of any Lot transfers ownership of such Lot, the Association shall have the right to transfer and record the change in membership to the new owner. No shares or certificates are required in order to establish a Lot owner's membership.

4.4 Classes of Membership. The Association shall have two (2) classes of voting membership, established according to the Declaration.

4.5 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 5. DISTRIBUTION OF ASSETS UPON DISSOLUTION OR LIQUIDATION

5.1 Consent Required for Dissolution. The Association may be dissolved upon the written approval of Persons holding ninety percent (90%) of the voting power of the Association.

5.2 Distribution. Upon dissolution of the Association, the assets, both real and personal of the Association, shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association.

ARTICLE 6. DEVELOPER'S RIGHTS

All the rights, powers and functions of the Association, or the Board of Directors, including the right to do any actions that require the approval of a majority or supermajority of the voting power of the Association, may at the option of Declarant be exercised and or performed by Declarant until the Transition Date as specified in the Declaration.

ARTICLE 7. REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Association is:

3004 N. Sullivan Road, Suite A
Spokane, WA 99216

The name of its initial registered agent at such address is BRETT T. SULLIVAN.

ARTICLE 8. DIRECTORS

The number of Directors of this Association shall be fixed by the Bylaws and may be increased or decreased from time to time in the manner specified therein. The initial board of directors shall consist of two (2) Directors appointed by Declarant. The names and addresses of the person who shall serve as Directors until the first meeting of the member(s) and until their successors are appointed or elected unless they resign or are removed are:

Brett T. Sullivan
3004 N. Sullivan Road, Suite A
Spokane, WA 99216

Gordon Finch
9102 E. Columbia Drive
Spokane, WA 99212

ARTICLE 9. INDEMNIFICATION

Each Director, committee member, officer of the Association, Declarant and the Managing Agent (collectively and individually, "Indemnitee") shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed in connection with any proceeding, dispute or settlement thereof to which Indemnitee may be a party, or in which Indemnitee may become involved, by reason of any individual Indemnitee's status as Association committee member, Association officer, Director or Managing Agent (whether or not the individual Indemnitee holds such position at the time such expenses or liabilities are incurred). The indemnification set forth in the preceding sentence shall not apply: (i) to the extent such expenses and liabilities are covered by insurance; (ii) with regard to acts or omissions that involve intentional misconduct by an Indemnitee, or a knowing violation of law by an Indemnitee; or (iii) with regard to any transaction from which an Indemnitee will personally receive a benefit in money, property, or services to which the Indemnitee is not legally entitled. If such liability and expense arise out of the concurrent negligence of Indemnitee and Association, this indemnity shall still apply, but if specifically required by statute, then this indemnification shall apply only to the extent Indemnitee's liability arises out of the negligence of Association, or out of the negligence of a third party.

ARTICLE 10. LOANS TO DIRECTORS AND OFFICERS PROHIBITED

The Association shall make no loans to its Directors or officers. The Directors of the Association who vote for or assent to the making of a loan to a Director or an officer of the Association and any officer or officers participating in the making of such loan shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

ARTICLE 11. AMENDMENT OF ARTICLES

Declarant may amend these Articles at any time before the Transition Date. After the Transition Date, the power to adopt, amend or repeal the Articles of this Association shall be limited as provided in the Declaration provided further that no material amendment to these Articles shall be made unless thirty (30) days written notice of the proposed material amendment is given by the Association to institutional holders of first mortgages or equivalent liens who have specifically requested notice thereof in writing.

ARTICLE 12. DEFINITIONS AND INTERPRETATIONS

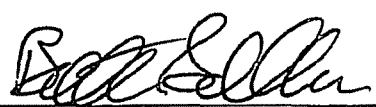
All terms used in these Articles shall have the same meaning as in the Declaration unless specifically indicated to the contrary. In the case of any conflict between any of these Articles and the Bylaws, these Articles shall control.

ARTICLE 13. INCORPORATOR

The name and address of the incorporator is:

Brett T. Sullivan
3004 N. Sullivan Road, Suite A
Spokane, WA 99216

IN WITNESS WHEREOF, the incorporator has signed these Articles of Incorporation in duplicate as of this 11th day of April, 2001.

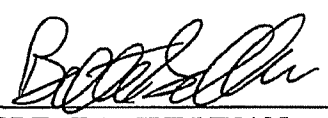


BRETT T. SULLIVAN, Incorporator

CONSENT TO SERVE AS REGISTERED AGENT

I, BRETT T. SULLIVAN, hereby consent to serve as Registered Agent, in the State of Washington, for the following non-profit corporation: MEADOWWOOD ESTATES PHASE III HOMEOWNERS ASSOCIATION. I understand that as agent for the corporation, it will be my responsibility to receive service of process in the name of the corporation; to forward all mail to the corporation; 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 corporation for which I am agent.

DATED this 11th day of April, 2001.



BRETT T. SULLIVAN
Registered Agent

Address of Registered Office:
3004 N. Sullivan Road, Suite A
Spokane, WA 99216