

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

### THE HIGHLANDS CONDOMINIUM ASSOCIATION

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

Date: 12/13/2005

UBI Number: 602-565-330

APPID: 439559



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

Sam Reed, Secretary of State

TAX ID # 20-5310334

FILED  
SECRETARY OF STATE  
SAM REED

December 13, 2005

STATE OF WASHINGTON

1/13/2005 748617  
\$50.00 Check #17320  
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Doc No: 748617-001

602 565 330

## ARTICLES OF INCORPORATION

OF

## THE HIGHLANDS CONDOMINIUM ASSOCIATION

The undersigned, for the purposes of forming a corporation under the provisions of the Washington Nonprofit Corporation Act, RCW 24.03, *et seq.*, hereby adopts the following Articles of Incorporation:

### ARTICLE I

#### NAME

The name of the Corporation (hereinafter called the "Association") is THE HIGHLANDS CONDOMINIUM 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 Association property within that certain residential condominium project located in Spokane County, Washington, commonly known as the "The Highlands," and to promote the health, safety and welfare of all owners and tenants using 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 (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 and the remaining Project Documents, this Association shall have power to:

- a. Adopt and amend Bylaws, and Rules and Regulations governing the Association;
- b. Adopt and amend budgets for revenues, expenditures, and reserves, and

impose and collect Assessments for Common Expenses from Unit Owners;

c. Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;

d. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Project;

e. Make contracts and incur liabilities;

f. Regulate the use, maintenance, repair, replacement, and modification of Common Elements;

g. Cause additional improvements to be made as a part of the Common Elements;

h. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property; provided that Common Elements may be conveyed or subjected to a security interest only pursuant to the Washington Condominium Act (RCW 64.34);

i. Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;

j. Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in the Washington Condominium Act; and for services provided to Unit Owners;

k. Impose and collect charges for late payment of assessments, and, after notice and an opportunity to be heard by the Board of Directors or by such representative designated by the Board of Directors and in accordance with such procedures as provided in the Declaration or Bylaws or Rules and Regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of the Declaration, Bylaws, and Rules and Regulations of the Association;

l. Impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates required by the Washington Condominium Act, and statements of unpaid assessments;

m. Provide for the indemnification of its officers and members of the Board and maintain directors' and officers' liability insurance;

n. Assign its right to future income, including the right to receive Common Expense Assessments, but only to the extent the Declaration provides;

o. Exercise any other powers conferred by the Declaration or Bylaws;

p. Exercise all other powers that may be exercised in the State of Washington by a non-profit corporation; and

q. Exercise any other powers necessary and proper for the governance and operation of the Association.

#### 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 Unit shall automatically, upon becoming an Owner, be a Member of the Association, and shall remain a Member thereof until such time as its ownership ceases for any reason, at which time its 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 Unit 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 Unit should fail or refuse to transfer the membership registered in its name to the purchaser of its Unit, 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. Classes of Membership. The Association shall have the following two (2) classes of voting membership:

a. Class A Membership: Class A membership shall include all Owners of Units other than the Declarant. Each Class A Member shall be entitled to one (1) vote for each Unit owned.

b. Class B Membership: Class B membership shall be held by the Declarant, which shall be entitled to three (3) votes for each Unit owned. However, Class B membership shall cease and be converted to Class A membership upon the earlier of the following to occur:

When the total voting power outstanding in Class A membership shall equal the total voting power outstanding in the Class B membership; or

Fifteen (15) years from the date of recordation of the Declaration.

Section 5. Voting Requirements. Except where otherwise expressly provided in the Declaration, these Articles of Incorporation, or the Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken, shall require the

vote or written assent of the prescribed percentage of a quorum of the total voting power of the Association.

Section 6. Limitation of Payment to Dissenting Member. Membership in the Association is appurtenant to and cannot be segregated from ownership of a Unit 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 the offices of Highland Heights Apartments, LLC, 8915 E. Montgomery, Spokane, Washington 99212, and the registered agent at such address shall be D. G. Brumback.

#### ARTICLE VI

##### BOARD OF DIRECTORS

The affairs of this Association shall initially be managed by a Board of three (3) Directors, who (except as provided in the Declaration) shall be Members of the Association, or agents of a non-individual Member. The number of Directors may be changed by the amendment of the Bylaws of the Association. 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>
D. G. Brumback	c/o Brumback Consulting 8915 E. Montgomery Spokane, Washington 99212
Susan Brumback	c/o Brumback Consulting 8915 E. Montgomery Spokane, Washington 99212
Matthew Rounsley	c/o Brumback Consulting 8915 E. Montgomery Spokane, Washington 99212

A Director of the Association shall not be personally liable to the Association or its members 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, (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. This limitation shall not apply to any act or omission occurring before the effective date of this paragraph. If the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act 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 Washington Nonprofit Corporation Act and/or 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 a Director of the Association existing at the time of such repeal or modification.

## ARTICLE VII

### INDEMNIFICATION

The Association shall provide any indemnification required by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act and shall indemnify Directors, officers, agents, and employees as follows:

a. The Association shall indemnify its officers and Directors and advance or reimburse expenses to the full extent required or permitted by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act now or hereafter in force, whether they are serving the Association or, at its request, any other entity, as an officer, director, or in any other capacity; provided no such indemnity shall indemnify any Director from or on account of any (i) acts or omissions of the Director finally adjudged to be intentional misconduct or a knowing violation of law; (ii) any transaction with respect to which it was finally adjudged that such Director personally received a benefit in money, property, or services to which the Director was not legally entitled.

b. The Board of Directors may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve, and amend from time to time such Bylaws, resolutions, or contracts implementing such provisions, including but not limited to implementing the manner in which determinations as to any indemnity or advancement of expenses shall be made, or such further indemnification agreements as may be permitted by law.

c. The Association shall indemnify other employees and agents to the extent as may be authorized by the Board of Directors or the Bylaws and be permitted by law, whether the employees and agents are serving the Association or, at its request, any other entity.

d. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled under any statute, provision of the Articles of Incorporation, Bylaws, or other agreements.

e. No amendment or repeal of this Article shall apply to or have any effect on any right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

#### 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 divide the remaining assets 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 the total voting power of the Association, 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.

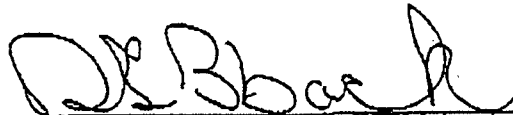
#### ARTICLE X

#### INCORPORATOR

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

<u>Name</u>	<u>Address</u>
D. G. Brumback	c/o Brumback Consulting 8915 E. Montgomery Spokane, Washington 99212

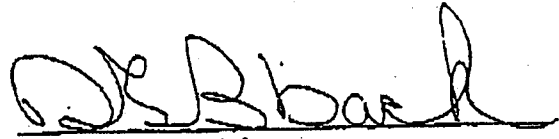
For the purpose of forming this Association under the laws of the State of Washington, the undersigned, being the incorporator of this Association, has executed these Articles of Incorporation on Dec. 1, 2005.

  
D. G. BRUMBACK

**CONSENT TO SERVE AS REGISTERED AGENT**

I, **D. G. BRUMBACK**, hereby consent to serve as registered agent in the State of Washington, for the corporation known as **THE HIGHLANDS CONDOMINIUM 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: Dec 2, 2005.

  
**D. G. BRUMBACK**



**ARTICLES OF INCORPORATION**  
**OF**  
**THE HIGHLANDS CONDOMINIUM ASSOCIATION**

The undersigned, for the purposes of forming a corporation under the provisions of the Washington Nonprofit Corporation Act, RCW 24.03, *et seq.*, hereby adopts the following Articles of Incorporation:

**ARTICLE I**

**NAME**

The name of the Corporation (hereinafter called the "Association") is THE HIGHLANDS CONDOMINIUM 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 Association property within that certain residential condominium project located in Spokane County, Washington, commonly known as the "The Highlands," and to promote the health, safety and welfare of all owners and tenants using 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 (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 and the remaining Project Documents, this Association shall have power to:

- a. Adopt and amend Bylaws, and Rules and Regulations governing the Association;
- b. Adopt and amend budgets for revenues, expenditures, and reserves, and

impose and collect Assessments for Common Expenses from Unit Owners;

- c. Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- d. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Project;
- e. Make contracts and incur liabilities;
- f. Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- g. Cause additional improvements to be made as a part of the Common Elements;
- h. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property; provided that Common Elements may be conveyed or subjected to a security interest only pursuant to the Washington Condominium Act (RCW 64.34);
- i. Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;
- j. Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in the Washington Condominium Act; and for services provided to Unit Owners;
- k. Impose and collect charges for late payment of assessments, and, after notice and an opportunity to be heard by the Board of Directors or by such representative designated by the Board of Directors and in accordance with such procedures as provided in the Declaration or Bylaws or Rules and Regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of the Declaration, Bylaws, and Rules and Regulations of the Association;
- l. Impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates required by the Washington Condominium Act, and statements of unpaid assessments;
- m. Provide for the indemnification of its officers and members of the Board and maintain directors' and officers' liability insurance;
- n. Assign its right to future income, including the right to receive Common Expense Assessments, but only to the extent the Declaration provides;
- o. Exercise any other powers conferred by the Declaration or Bylaws;

p. Exercise all other powers that may be exercised in the State of Washington by a non-profit corporation; and

q. Exercise any other powers necessary and proper for the governance and operation of the Association.

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When the total voting power outstanding in Class A membership shall equal the total voting power outstanding in the Class B membership; or

Fifteen (15) years from the date of recordation of the Declaration.

Section 5. Voting Requirements. Except where otherwise expressly provided in the Declaration, these Articles of Incorporation, or the Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken, shall require the

vote or written assent of the prescribed percentage of a quorum of the total voting power of the Association.

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## ARTICLE V

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The initial registered office of the Association shall be at the offices of Highland Heights Apartments, LLC, 8915 E. Montgomery, Spokane, Washington 99212, and the registered agent at such address shall be D. G. Brumback.

## ARTICLE VI

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<u>Name</u>	<u>Address</u>
D. G. Brumback	c/o Brumback Consulting 8915 E. Montgomery Spokane, Washington 99212
Susan Brumback	c/o Brumback Consulting 8915 E. Montgomery Spokane, Washington 99212
Matthew Rounsley	c/o Brumback Consulting 8915 E. Montgomery Spokane, Washington 99212

A Director of the Association shall not be personally liable to the Association or its members 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, (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. This limitation shall not apply to any act or omission occurring before the effective date of this paragraph. If the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act 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 Washington Nonprofit Corporation Act and/or 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 a Director of the Association existing at the time of such repeal or modification.

## ARTICLE VII

### INDEMNIFICATION

The Association shall provide any indemnification required by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act and shall indemnify Directors, officers, agents, and employees as follows:

- a. The Association shall indemnify its officers and Directors and advance or reimburse expenses to the full extent required or permitted by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act now or hereafter in force, whether they are serving the Association or, at its request, any other entity, as an officer, director, or in any other capacity; provided no such indemnity shall indemnify any Director from or on account of any (i) acts or omissions of the Director finally adjudged to be intentional misconduct or a knowing violation of law; (ii) any transaction with respect to which it was finally adjudged that such Director personally received a benefit in money, property, or services to which the Director was not legally entitled.
- b. The Board of Directors may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve, and amend from time to time such Bylaws, resolutions, or contracts implementing such provisions, including but not limited to implementing the manner in which determinations as to any indemnity or advancement of expenses shall be made, or such further indemnification agreements as may be permitted by law.
- c. The Association shall indemnify other employees and agents to the extent as may be authorized by the Board of Directors or the Bylaws and be permitted by law, whether the employees and agents are serving the Association or, at its request, any other entity.
- d. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled under any statute, provision of the Articles of Incorporation, Bylaws, or other agreements.

e. No amendment or repeal of this Article shall apply to or have any effect on any right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

## 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 divide the remaining assets 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 the total voting power of the Association, 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.

## ARTICLE X

### INCORPORATOR

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

<u>Name</u>	<u>Address</u>
D. G. Brumback	c/o Brumback Consulting 8915 E. Montgomery Spokane, Washington 99212

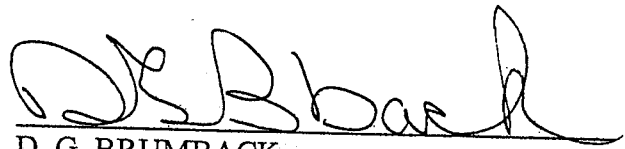
For the purpose of forming this Association under the laws of the State of Washington, the undersigned, being the incorporator of this Association, has executed these Articles of Incorporation on Dec. 2, 2005.

  
D. G. BRUMBACK

**CONSENT TO SERVE AS REGISTERED AGENT**

I, **D. G. BRUMBACK**, hereby consent to serve as registered agent in the State of Washington, for the corporation known as **THE HIGHLANDS CONDOMINIUM 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: Dec 2, 2005.

  
D. G. BRUMBACK