

ARTICLES OF INCORPORATION OF STERLINGWOOD HOMEOWNERS ASSOCIATION

THE UNDERSIGNED, acting as incorporator of the corporation (the "Association") under the provisions of the Washington Nonprofit Corporation Act, Revised Code of Washington Chapter 24.03, adopt the following Articles of Incorporation for the Association.

ARTICLE I

Name

The name of the Association shall be STERLINGWOOD HOMEOWNERS ASSOCIATION.

ARTICLE II

Duration

The period of duration of the Association is perpetual.

ARTICLE III

Registered Office and Address

The address of the initial registered office and the name of the Association's initial registered agent at such address is:

Name

LPSL Corporate Services, Inc.

Address

1420 Fifth Avenue
Suite 4100
Seattle, WA 98101-2338

ARTICLE IV

Purposes and Powers of the Corporation

The Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation, landscaping and architectural control of certain of the residence lots and the common properties within that certain tract of property described in the Plat of Sterlingwood, in King County, Washington (the "Property"), and to promote the health and welfare of the residents within the Property and any additions thereto as may hereafter be annexed thereto. The Association shall have all powers, rights, and privileges of a corporation organized under the Washington Nonprofit Corporation Act, Revised Code of Washington Chapter 24.03, or available under

Revised Code of Washington Chapter 64.38, as the same may be amended from time to time, including without limitation the following:

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") applicable to the Property and recorded or to be recorded in the offices of the King County Auditor and as the same may be amended from time to time as therein provided;

(b) To enter into, make and perform contracts of any kind and description;

(c) To fix, levy, collect, and enforce payment by any lawful means, all charges and assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all administrative and other expenses incident to the conduct of the business of the Association, including all license fees, taxes, and governmental charges levied or proposed against the property of the Association;

(d) To 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;

(e) To borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; provided that any mortgage by the Association of the common properties defined in the Declaration shall require the affirmative vote of at least two-thirds (2/3) of the voting power of the Association;

(f) To annex additional residential properties and common areas to the Property, and so add to the membership of the Association under the provisions of Article V; provided that annexation of additional properties shall require the affirmative vote of at least two-thirds (2/3) of the voting power of the Association, except with respect to any property adjacent to the Property, or within close proximity to the Property, which is developed by the Declarant set forth in the Declaration (the "Declarant") within fifteen (15) years after the date of recording of the Declaration, which property may be annexed by the Declarant without a vote of the members of the Association;

(g) To dedicate or transfer all or any part of the common properties owned by the Association to any governmental unit or public agency or authority or public utility for such purposes and subject to such conditions as may be agreed to by the Association; provided that no such dedication or transfer by the Association shall be effective unless an instrument signed by at least two-thirds (2/3) of the voting power of the Association entitled to vote has been recorded, agreeing to such dedication or transfer; and

(h) To have and to exercise any and all powers, rights, and privileges suitable, convenient, proper or incidental to the foregoing.

ARTICLE V
Membership

Every person or entity who is the contract purchaser or record owner of a fee interest in any lot of the Plat of Sterlingwood, records of King County, State of Washington, shall be a member of the Association; provided, however, that if any lot is held jointly by two (2) or more persons or entities, the several owners of such interest shall designate one (1) of their number as the "member." The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separate from ownership of or the contract purchaser's interest in any lot which is subject to assessment by the Association. Upon transfer of the fee interest to, or upon the execution and delivery of a contract for the sale of (or of an assignment of a contract purchaser's interest in) any lot, the membership and certificate of membership in the Association shall ipso facto be deemed to be transferred to the grantee, contract purchaser, or new contract purchaser, as the case may be. Ownership of, or a contract purchaser's interest in, any such lot shall be the sole qualification for membership. Classes of membership and relative voting rights and other incidents of membership shall be as set forth in the Bylaws of the Association.

ARTICLE VI
Board of Directors

The affairs of the Association shall be managed by a Board of Directors, who need not be members of the Association. The initial Board of Directors shall consist of three (3) Directors. The names and addresses of the persons who are to act in the capacity of Directors until the first annual meeting are:

<u>Name</u>	<u>Address</u>
Rick Chaffey	205 Lake Street South Suite 101 Kirkland, WA 98033
Robert Chaffey	205 Lake Street South Suite 101 . Kirkland; WA 98033
Kevin Murray	205 Lake Street South Suite 101 Kirkland, WA 98033

At the first annual meeting, the members shall elect one (1) Director for a term of one (1) year; one (1) Director for a term of two (2) years; and one (1) Director for a term of three (3) years; and at each annual meeting thereafter, the members shall elect one (1) Director for a term of three (3) years.

The number of directors and the manner in which directors shall be elected or appointed shall be as set forth in the Bylaws of the Association.

ARTICLE VII
Liabilities

The highest amount of indebtedness or liability, direct or contingent, to which this Association may be subject at any one time shall not exceed one hundred fifty percent (150%) of its income for the previous fiscal year, provided that additional amounts may be authorized by the assent of two-thirds (2/3) of the voting power of the Association.

ARTICLE VIII
Dissolution

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the voting power of the Association. Upon dissolution of the Association, the assets, both real and personal, of the Association shall be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable to the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused, such assets 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 IX
Amendments

Amendment of these Articles by the Association shall require the affirmative vote of at least seventy-five percent (75%) of the voting power of the Association.

ARTICLE X
Indemnification of Directors and Officers

To the full extent not prohibited by the Washington Nonprofit Corporation Act and the Washington Business Corporation Act, each member of the Board of Directors, each member of an Association committee, each officer of the Association, and the Declarant shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of holding or having held the position of director, Association committee member, Association officer, or Declarant, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his duties; provided that, in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Association. Nothing herein shall, however, be deemed to obligate the Association to indemnify any owner of a lot who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by such owner under and by virtue of the Declaration as an owner of a lot covered thereby.

ARTICLE XI
Liability of Directors

No director shall have liability to the Association or its members for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct by the director, or a knowing violation of law by the director, or 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 either the Washington Nonprofit Corporation Act or Washington Business Corporation Act is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the directors shall be eliminated or limited to the full extent not prohibited by the Washington Nonprofit Corporation Act or Washington Business Corporation Act, as so amended. Any repeal or modification of this Article shall not adversely affect any right of protection of any director of the Association existing at the time of such repeal or modification for or with respect to any act or omission of such director occurring prior to such repeal or modification.

ARTICLE XII
Incorporator

The name and address of the incorporator is:

LPSL Corporate Services, Inc.
1420 Fifth Avenue, Suite 4100
Seattle, WA 98101-2338

IN WITNESS WHEREOF, for the sole purpose of forming this corporation under the laws of the state of Washington, the undersigned, constituting the incorporator of this corporation, has executed these Articles of Incorporation this 28th day of July, 1999.

INCORPORATOR:

LPSL Corporate Services, Inc., a Washington corporation

By



L.P.

Scott F. Campbell, Vice President

CONSENT TO SERVE AS REGISTERED AGENT

LPSL Corporate Services, Inc. hereby consents to serve as Registered Agent, in the State of Washington, for Sterlingwood Homeowners Association. LPSL Corporate Services, Inc. understands that as agent for said corporation, it will be responsible to receive service of process in the name of said corporation; to forward all mail to said corporation; and to immediately notify the office of the Secretary of State in the event of its resignation, or of any changes in the registered office address of 1420 Fifth Avenue, Suite 4100, Seattle, Washington 98101-2338.

Dated this 28th day of July, 1999.

LPSL Corporate Services, Inc., a Washington
corporation

Scott F Campbell V President