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**STATE of WASHINGTON    SECRETARY of STATE**

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I, **Ralph Munro**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

*CERTIFICATE OF INCORPORATION*

to

CAMANO HILLS HOMEOWNERS ASSOCIATION

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

U.B.I. Number:            601 382 544

Date:            April 14, 1992

Given under my hand and the seal of the State of  
Washington, at Olympia, the State Capitol

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Ralph Munro, Secretary of State



APP

2-455917-1

APR 14 1992

RALPH MUNRO  
SECRETARY OF STATE

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ARTICLES OF INCORPORATION  
of  
CAMANO HILLS HOMEOWNERS ASSOCIATION

601 382 544

In compliance with the requirements of Title 24, Revised Code of Washington, the undersigned, all of whom are residents of the State of Washington, and citizens of the United States, and all of whom are over the age of eighteen (18) years, have this day voluntarily associated themselves together for the purpose of forming a non-profit corporation, and do hereby make, subscribe, execute, and adopt in triplicate the following Articles of Incorporation, and certify as follows:

ARTICLE I

Corporate Name

The name of the Corporation (referred to herein as the "Association") shall be:

CAMANO HILLS HOMEOWNERS ASSOCIATION.

ARTICLE II

Corporate Address; Registered Agent

The principal office of the Association is located at:

598 Kieko Way  
Camano Island, WA 98292

The name of the registered agent for the Association and the address of its registered office are as follows:

David C. Kelly  
Williams, Kastner & Gibbs  
P.O. Box 1800  
2000 Skyline Tower  
10900 NE 4th Street  
Bellevue, WA 98009-1800

ARTICLE III

Purpose and Powers of the Association

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, and architectural control of certain of the residence lots and

the common properties within that certain tract of property described in the Plat of Camano Hills, P.R.D., Divisions One and Two, records of Island County, State of Washington, and to promote the health, safety and welfare of the residents within the above described property and any additions thereto as may be brought within the jurisdiction of this Association by annexation, as provided in Article VIII herein, and for this purpose:

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 the certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration," applicable to the property and recorded or to be recorded in the office of the Island County Recorder 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. 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 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. 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;

D. To borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and,

E. To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-profit Corporation Law of Washington by law may now or hereafter have or exercise.

#### ARTICLE IV

##### Membership

Every person or entity who is the contract purchaser or record owner of a fee interest in any lot in the Plat of Camano Hills, P.R.D., Divisions One and Two, records of Island County,

Washington, shall be a member of the Association; provided, however, that if any lot is held jointly by two (2) or more persons, 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, except that the incorporations shall be eligible for membership without regard to ownership of an interest in the properties. 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.

## ARTICLE V

### Voting Rights

The Association shall have two (2) classes of voting membership:

CLASS A. Class A members shall be all of those owners as defined in Article IV, with the exception of the Declarant.

Class A members shall be entitled to one (1) vote for each lot in which they hold the interest required for membership in Article IV. When more than one person holds such interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one 1 vote be cast with respect to any lot.

CLASS B. Class B members shall be the Declarant (as defined in the Declaration), and four (4) memberships shall exist for each lot in which Declarant has an interest. The Class B members shall be entitled to four (4) votes for each lot in which Declarant holds the interest required for membership by Article IV, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (1) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership;
- (2) On January 1, 2001.

## ARTICLE VI

### Board of Trustees

A. The affairs of this Association shall be managed by a Board of three (3) trustees, who need not be members of the Association. The number of trustees may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of trustees until the first annual meeting are:

1. Jeffrey Holbeck  
598 Kieko Way  
Camano Island, WA 98292
2. Laurel Holbeck  
598 Kieko Way  
Camano Island, WA 98292
3. Donald E. Barnard  
2000 Skyline Tower  
10900 NE 4th Street  
Bellevue, WA 98004

At the first annual meeting, which shall be held not later than six (6) months from the date of incorporation of this Association, the members shall elect one (1) trustee for a term of one (1) year; one (1) trustee for a term of two (2) years; and one (1) trustee for a term of three (3) years; and at each annual meeting thereafter, the members shall elect one (1) trustee for a term of three (3) years.

B. A trustee shall have no liability to the Association or its members for monetary damages for conduct as a trustee, except for acts or omissions that involve: (1) intentional misconduct by the trustee; (2) a knowing violation of law by the trustee; (3) conduct which violates RCW 23B.08.310 by the trustee; or (4) any transaction from which the trustees will personally receive a benefit in money, property, or services to which the trustee is not legally entitled. If the Washington Business Corporation Act or the Washington Nonprofit Corporation Act are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of trustees, then

the liability of a trustee shall be eliminated or limited to the full extent permitted by the Washington Business Corporation Act or the Washington Nonprofit Corporation Act, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a trustee of the Association existing at the time of such repeal or modification for or with respect to an act or omission of such trustee occurring prior to such repeal or modification.

## 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 members holding at least two-thirds (2/3) of the votes of the Association.

## ARTICLE VIII

### Annexation of Other Properties

Section 1. The Association may, at any time, annex additional residential properties and common areas to the properties described in Article III, and so add to its membership under the provisions of Article IV; provided that annexation of additional properties other than properties within the general plan of development provided for in Section 2 hereof, shall require the assent of members holding at least two-thirds (2/3) of the votes of the Association.

Section 2. If, within fifteen (15) years from the date of recording of the Declaration of Covenants, Conditions and Restrictions applicable to the properties described in Article III, the Declarant should develop additional lands within Camano Island, such additional lands may be annexed to the existing property as provided in the Declaration.

## ARTICLE IX

### Authority to Mortgage

Any mortgage by the Association of the common properties defined in the Declaration shall have the assent of members holding at least two-thirds (2/3) of the votes of the Association.

ARTICLE X

Authority to Dedicate

The Association shall have the power to dedicate or transfer all or any part of the common properties owned by it to any governmental unit or public agency or authority or public utility for such purpose and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by members holding at least two-thirds (2/3) of the votes of the Association has been recorded, agreeing to such dedication or transfer.

ARTICLE XI

Dissolution

The Association may be dissolved with the assent given in writing and signed by members holding at least two-thirds (2/3) of the votes 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 designated by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit 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 XII

Duration

The Association shall exist perpetually.

ARTICLE XIII

Meeting for Actions Governed by Articles VII through XI

In order to take action under Articles VII through XI, there must be a duly held meeting. Written notice, setting forth the purpose of the meeting shall be given to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) of the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting must be called, subject to the notice requirements set

forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that members holding two-thirds (2/3) or more of the votes of the Association are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

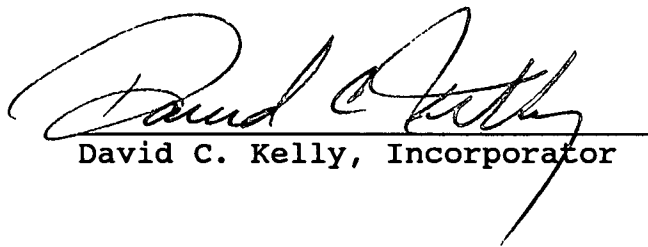
#### ARTICLE XIV

##### Amendments

Amendment of these Articles by the Association so as to change the name, its purpose, the place where its principal place of business will be, the number of its trustees, or the duration of its existence, shall be by affirmative vote of members holding at least a majority of votes of the Association, but amendment of any other provision of these Articles shall require the affirmative vote of members holding at least seventy-five percent (75%) of the votes of the Association.

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 Association, has executed these Articles of Incorporation this 14<sup>th</sup> day of

April, 1992.

  
David C. Kelly, Incorporator

CONSENT TO SERVE AS REGISTERED AGENT

David C. Kelly, hereby consents to serve as Registered Agent, in the State of Washington, for Camano Hills Homeowners Association. David C. Kelly understands that as agent for said Association, it will be responsible to receive service of process in the name of said Association; to forward all mail to said Association; and to immediately notify the office of the Secretary of State in the event of my resignation, or of changes in the registered office address of the corporation for which I am an agent.

Dated:

April 14, 1992

  
David C. Kelly, Registered Agent

Registered Office Address:

Williams, Kastner & Gibbs  
P.O. Box 1800  
2000 Skyline Tower  
10900 NE 4th Street  
Bellevue, WA 98009-1800