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FILED
STATE OF WASHINGTON

NOV 20 1995

RALPH MUNHO
SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF
CHESTNUT TRAILS HOMEOWNERS ASSOCIATION

The undersigned, for the purpose of forming a corporation under the nonprofit laws of the State of Washington, RCW 24.03, hereby adopts the following Articles of Incorporation.

Article 1

NAME

The name of the corporation is CHESTNUT TRAILS HOMEOWNERS ASSOCIATION, hereinafter called the "Association."

Article 2

REGISTERED OFFICE AND AGENT

The name of the Registered Agent of the corporation is: Larry J. Sundquist.

The street address of the Registered Office, which is also the address of the Registered Agent, is 7127 196th Street, SW, Lynnwood, WA 98046.

Article 3

PURPOSE AND POWERS OF THE ASSOCIATION

This 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 the residence Lots within that certain tract of property described in Exhibit A ("Property" or "Project"), 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, and for this purpose to:

(a) 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, hereinafter called the "Declaration," applicable to the property and recorded or to be recorded in the Office of the County Auditor for the county in which the Property is located 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, all charges or 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) 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, to the extent allowed by the Declaration;

(e) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional property, provided that any such merger, consolidation or annexation shall have the assent of such percentage of the members as is provided for in the Declaration; provided further, that any such annexation shall otherwise comply with the Declaration; and

(f) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Washington by law may now or hereafter have or exercise.

Article 4

MEMBERSHIP AND VOTING

Provisions for the qualification and voting rights of members of the Association are as set forth in the Declaration and the Bylaws of the Association, as the same may be amended from time to time.

Article 5

BOARD OF DIRECTORS

The affairs of this Association shall, upon all Class B membership ceasing, be managed by a Board of three Directors, who need not be members of the Association. Until all Class B membership ceases, the initial Board shall be comprised of one member. The name and address of the person who shall serve in the capacity of director until the selection of successors is the same as the registered agent and registered office set forth in Article 2 above.

At the first annual meeting after the date all Class B membership ceases (or at a special meeting called after that date), the members shall elect a three-member Board of Directors. One

director shall serve for a term of one year, one director for a term of two years and one director for a term of three years; and at each annual meeting thereafter the members shall elect the number of directors equal to the number of directors whose term shall expire that year. The number of directors may be changed by Amendment of the Association Bylaws.

Article 6

LIABILITY

Provisions limiting the liability of Board members and other persons participating in the management of the Association, and providing for indemnification of such persons by the Association, are as set forth in the Declaration, as the same may be amended from time to time.

Article 7

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than 75% of each class of 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 refused acceptance, 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 8

DURATION

The corporation shall exist perpetually.

Article 9

AMENDMENTS

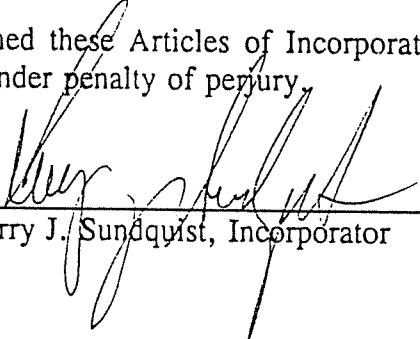
Amendment of these Articles shall require the assent of 75% of the entire membership; provided, until Class B membership ceases, any such amendment must also be approved by Declarant.

Article 10

INCORPORATOR

The name and address of the incorporator is Larry J. Sundquist, 7127 196th Street, SW, Lynnwood, WA 98046.

The undersigned incorporator has signed these Articles of Incorporation as duplicate signed originals on July 31, 1995, under penalty of perjury.

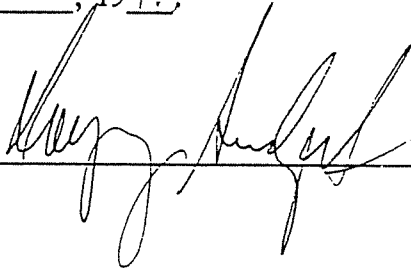


Larry J. Sundquist, Incorporator

CONSENT TO APPOINTMENT AS REGISTERED AGENT
OF
CHESTNUT TRAILS HOMEOWNERS' ASSOCIATION

I, Larry J. Sundquist, do hereby consent to serve as Registered Agent, in the State of Washington, for the above-named 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 change in the Registered Office address of the Association for which I am agent.

DATED this 5th day of July, 1995.



Address of Registered Agent:
7127 196th Street, SW
Lynnwood, WA 98046