

ARTICLES OF INCORPORATION

OF

“DIAMOND HILLS HOMEOWNERS’ ASSOCIATION

In compliance with the requirements of the Washington Nonprofit Corporation Act (R.C.W. 24.03), the undersigned, a Colorado State Profit Corporation, duly authorized to execute these Articles of Incorporation, has this day voluntarily executed these Articles of Incorporation as Incorporator for the purpose of forming a Corporation not for profit and does hereby certify the following Articles of Incorporation.

ARTICLE I

NAME

The name of the Corporation is DIAMOND HILLS HOMEOWNERS’ ASSOCIATION, hereinafter called the “Association.”

ARTICLE II

REGISTERED OFFICE AND AGENT

The registered office of the Association is located at 18215 – 27nd Avenue South, Kent, Washington 98032. Thomas A. Barghausen is hereby appointed the initial registered agent of this Association.

I, Thomas A Barghausen, hereby consent to serve as registered agent, in the state of Washington, for the Corporation herein named. 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 change in the registered office address of the Corporation for which I am agent.

Date

Thomas A. Barghausen

ARTICLE III

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, Common Areas, and Common Maintenance Areas within that certain tract of property (the "Property") described as follows:

The plat of Diamond Hills, as more fully described as follows:

The Northwest quarter of the Southwest quarter of Section 34,
Township 22 North, Range 6 East, Willamette Meridian, in King County,
Washington; EXCEPT the Northern Pacific Railway Company right-of-
way.

and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereinafter be brought within the jurisdiction of this Association for this purpose to:

(a) exercise all the powers and privileges and to perform all of the duties and obligations of the Association as set for in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called "Declaration," applicable to the Property and recorded in the Office of King County Recorder and as the same is 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 of 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, and with the assent of two-thirds (2/3) of each class of members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) as provided in the Declaration, dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other nonprofit Corporations organized for the same purposes or annex additional residential property and Common Areas, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;

(g) engage in any activity which may be lawfully conducted by a nonprofit Corporation under the Washington Nonprofit Corporation Act;

(h) engage in all such activities as are incidental or conducive to the attainment of the purposes in this Corporation, or any of them, and to exercise any and all powers authorized or permitted to be done by a nonprofit Corporation under any laws that may be now or hereafter applicable or available to this nonprofit Corporation.

(i) to suspend the voting rights of a member for any period during which any assessment, or any other charge (as defined in Article XVI, Section 6 of the Declaration), against the Lot remains unpaid and for a period of not to exceed sixty (60) days each for any (and for each separate) infraction of the terms of the Declaration, the Articles, or the Bylaws of the Association.

The foregoing clauses of this Article III shall each be construed as purposes and powers, and the matters expressed in each clause shall be in no way limited or restricted by reference to or inference from the term of any other clauses, but shall be regarded as independent purposes and powers; and nothing contained in these clauses shall be deemed in any way to limit or elude any power, right, or privilege given to this nonprofit Corporation by law or otherwise.

ARTICLE IV

MEMBERSHIP

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of (i) the Declarant, while the Declarant is a Class B member, and (ii) the owners of lots described as exempt in the Declaration. Class A members shall be entitled to one (1) vote for each Lot owned within the Property ("Lot"). When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they, by majority determine, but in no event shall more than one (1) vote be cast with respect to any Lot, nor shall any vote be divided. When more than one person holds an interest in any lot, all such persons shall unanimously designate (in writing delivered to the secretary of the Association) one of the persons (owning an interest in the Lot) to vote (in person or by proxy) the vote for such Lot.

Class B. Class B member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on January 1, 1995. The Declarant shall become a Class A member as to any Lot(s) owned by Declarant on January 1, 1995.

ARTICLE V

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors. The number of Directors shall be fixed by the Bylaws and may be increased or decreased from time to time in the manner specified in the Bylaws. The initial Board of Directors shall consist of three (3) members. The names and addresses of the persons who are to act in the capacity of Directors (the "Initial Directors") until the first election of their successors, unless they resign or are removed, are:

<u>Name</u>	<u>Address</u>
Thomas A. Barghausen	18215 – 72nd Avenue South, Kent, Washington 98031
Chris Placentia	18215 – 72nd Avenue Souch, Kent, Washington 98031
Carol Benson	18215 – 72nd Avenue Souch, Kent, Washington 98031

Novastar Enterprises Inc., the Incorporator (see Article XIII), is also the Declarant as defined in the Declaration of Covenants, Conditions and Restrictions of Diamond Hills Homeowners' Association which shall be recorded in the County of King, State of Washington. The Property is subject to the Declaration. As the Declarant, the Incorporator hereby appoints the above Initial Directors as a Temporary Board appointed pursuant to Article III, Section 3 of the Declaration. The Temporary Board of Directors and its members, and any successor Board members elected or appointed pursuant to the Bylaws of the Association, shall for all purposes be full members of the Board of Directors. A Temporary Board shall have all the powers and authority granted to the Board of Directors by these Articles of Incorporation and the Bylaws of the Association.

ARTICLE VI

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) 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 a 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 VII

DURATION

The Corporation shall exist perpetually.

ARTICLE VIII

AMENDMENTS

Amendment of the Articles of Incorporation by the Association shall be by affirmative vote of 75 percent (75%) of each class of members, unless otherwise provided herein. Notwithstanding anything in these Articles to the contrary, these Articles of Incorporation may not be amended without the written consent of the Declarant so long as Declarant is a Class A or Class B voting member of the Association.

ARTICLE IX

LIABILITIES

The highest amount of indebtedness or liability, direct or contingent, to which this Corporation may be subject to at any one time shall not exceed 150 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 each class of members.

ARTICLE X

RESTRICTION ON USE OF INCOME

No part of the income of this Corporation shall inure to the benefit of any Member, director, or officer of the Corporation, or any private individual, except that reasonable compensation may be paid for services rendered to or for this Corporation affecting one or more of its purposes.

ARTICLE XI

LIMITATION OF LIABILITIES/INDEMNIFICATION

To the extent permitted by law, the personal liability of a director to the Association or to the Association's members for monetary damages for conduct as a director is limited to liability for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a 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. To the extent permitted by law, the personal liability of an officer to the Association or its members for monetary damages for conduct as an officer is limited to liability for acts or omissions that involve intentional misconduct by an officer or a knowing violation of law by an officer, or for any transaction from which the officer will personally receive a benefit in money, property, or services to which the officer is not legally entitled. To the maximum extent permitted by law, the Association shall indemnify its directors, officers and members of any corporate committee from claims asserted against any of them, and arising, as applicable, out of any action taken, or not taken, as director, officer, or member of any corporate committee.

ARTICLE XII

BYLAWS

(a) Notwithstanding anything in these Articles to the contrary, the Bylaws may not be amended without the written consent of the Declarant so long as the Declarant is either a Class A or Class B voting member of the Association.

(b) The Board of Directors shall, upon obtaining the written consent of Declarant, if applicable, have full power to adopt, alter, amend or repeal the Bylaws, or adopt new Bylaws. Nothing herein shall deny the concurrent power of the Members, by the affirmative vote of a majority of the Members (and upon obtaining the written consent of Declarant, if applicable), to adopt, alter, amend or repeal the Bylaws.

ARTICLE XIII

INCORPORATOR

The name and address of the Incorporator is Novastar Enterprises Inc., 18215 – 72nd Avenue South, Kent, Washington 98031.

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the state of Washington, the undersigned, the Incorporator of this Association, has executed these Articles of Incorporation this ____ day of _____, 19 ____ .

NOVASTAR ENTERPRISES INC.

By: _____
Thomas A. Barghausen, President

