

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

SILVER FIRS HOMEOWNERS ASSOCIATION PHASE II

A Washington Non-Profit Corporation. Articles of Incorporation were filed for record in this office on the date indicated below

UBI Number: 602 148 033

Date: August 28, 2001



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

A handwritten signature in cursive script that reads "Sam Reed".

Sam Reed, Secretary of State

SECRETARY
of STATE
Sam Reed



CORPORATIONS DIVISION
James M. Dolliver Building
801 Capitol Way South • PO Box 40234
Olympia, WA 98504-0234
Tel 360.753.7115
Fax 360.664.8781
TDD 360.753.1485
www.secstate.wa.gov/corps

Congratulations:

You have completed the initial filing to create a new entity.

To keep your filing status active and avoid administrative dissolution, you must:

1. File an Annual Report and pay the annual license fee each year before the anniversary of the filing date for the entity. The Department of Licensing will send notice of the Annual Report requirement to the registered agent for the corporation or LLC. But it is the corporation or LLC's responsibility to file the report even if no notice is received.
2. Maintain a Registered Agent and registered office in this state. You must notify the Corporations Division if there are any changes in your registered agent, agent's address, or registered office address. Failure to notify the Corporations Division of changes will result in misrouted mail, and possibly administrative dissolution.

If you have questions about these requirements, please contact the Corporations Division at 360-753-7115 or visit our website at: <http://www.secstate.wa.gov/corps>

Thank you.

Corporations Division,
Office of the Secretary of State

602-148-033
ARTICLES OF INCORPORATION
OF
SILVER FIRS HOMEOWNERS ASSOCIATION PHASE II

FILED
STATE OF WASHINGTON

AUG 28 2001

SECRETARY OF STATE

The undersigned, acting as the incorporator of a nonprofit corporation under the provisions of the Washington Nonprofit Corporation Act (RCW 24.03) adopts the following Articles of Incorporation for such corporation:

ARTICLE I. NAME

The name of this corporation is Silver Firs Homeowners Association Phase II.

ARTICLE II. DURATION

The period of its duration is perpetual.

ARTICLE III. PURPOSES

The corporation is organized exclusively for nonprofit purposes specifically: to provide for the maintenance, preservation and architectural control of the residence Lots and the ownership, maintenance, preservation and architectural control of the Common Area within that certain tract of land described as:

Plat of Silver Firs Division 6A-1 recorded in volume 53 of Plats, Pages 5 through 8 in Snohomish County, Washington under Snohomish County Auditor's file number 9202105004;

and any additional property as may hereafter be brought within the jurisdiction of this corporation, all as more fully described in the Declaration of Covenants, conditions and Restrictions for Silver Firs Phase II;

and to promote the health, safety, and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this corporation, including without limitation, the authority to:

a. exercise all the powers and privileges and perform all the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions (hereinafter "Declaration") applicable to the property and recorded or to be recorded in the office of the Snohomish County Auditor, Everett, Washington, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth in full;

b. fix, levy, collect, and enforce payment by any lawful means all charges or assessments pursuant to the terms of the Declaration; 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, including assessments for street lighting and other

utility assessments except that, so long as Declarant retains the authority under the Declarations and Bylaws to elect a majority of the Board of Directors, the Declarant will subsidize such expenses to the extent that assessments levied by the Board are insufficient to cover those expenses;

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 or deed in trust any or all of its real or personal property as security for money borrowed or debts incurred;

e. 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 purpose or annex additional residential property and common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;

g. have and exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Act of the State of Washington, by law may now or hereafter have or exercise.

ARTICLE IV. PROHIBITED ACTIVITY

Notwithstanding any of the provisions of these Articles of Incorporation, the corporation shall not conduct or carry on activities not permitted to be conducted or carried on by an organization exempt from federal income tax under Section 501(c)(3) of the code or by an organization contributions to which are deductible under Section 170(c)(2) of the Code. No substantial part of the activities of the corporation shall be devoted to the carrying on of propaganda, or otherwise attempting to influence legislation except as may be permitted to Section 501(c)(3) organizations by the Code, and the corporation shall not participate in, or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office. The corporation is prohibited from engaging in any act of self-dealing as defined in Section 4941(d) of the Code which would subject the corporation to tax under Section 4941(a) of the Code, from retaining any excess business holding as defined in Section 4943(c) of the Code which would subject the corporation to tax under Section 4943 of the Code, from making any investments which would subject the corporation to tax under Section 4944 of the Code, and from making any taxable expenditures as defined in Section 4945(d) of the Code. If Section 4942 of the Code is deemed applicable to the corporation, the corporation shall make distributions at such time and in such manner as not to become subject to tax on undistributed income imposed by Section 4942 of the Code. The corporation shall not have or issue shares of

stock; shall not make any disbursement of income to its members, directors or officers; and shall not loan money or credit to its officers or directors.

ARTICLE V. BYLAWS

Provisions for the regulation of the internal affairs of the corporation shall be set forth in the Bylaws of the corporation.

ARTICLE VI. VOTING RIGHTS

Every person or entity who is a record owner of any Lot is entitled to membership and voting rights in the Association. Membership is appurtenant to, and inseparable from, ownership of the Lot. Voting rights in the corporation are as further set forth in the Declarations and Bylaws.

ARTICLE VII. AMENDMENTS

Amendment of the Articles of Incorporation requires the approval of at least two-third (2/3) vote of the Lot Owners, as defined, limited and more fully set forth in the Declarations and Bylaws.

ARTICLE VIII. ANNEXATION

Annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dissolution and amendment of the Articles require prior approval of HUD/VA as long as there is a Class B membership, as more fully set forth in the Declarations and Bylaws.

ARTICLE IX. DISSOLUTION; DISTRIBUTIONS

No member, director, trustee or officer of the corporation, nor any private individual, shall be entitled to share in the distribution of any of the corporate assets upon dissolution of the corporation or the winding up of its affairs. Upon dissolution or winding up of the corporation, after paying or making adequate provision for payment all of the liabilities of the corporation, all the remaining assets of the corporation shall be distributed by the Board of Directors of the corporation to a nonprofit fund, foundation, or corporation which is organized and duly operated exclusively for charitable, educational, religious and/or scientific purposes, and which then qualifies for tax exempt status under Section 501(c)(3) of the Code. Any such assets not so disposed of shall be disposed of by the Superior Court of Snohomish County, Washington, for the purpose or purposes set forth in Article III of these Articles of Incorporation or to such organization or organizations as the Superior Court of Snohomish County shall determine to be organized and operated for purposes similar to the purposes stated in Article III of these Articles of Incorporation. Provided, however, notwithstanding the foregoing, if the corporation is classified as a private foundation as defined in Section 509 of the Code, and if its status as a private foundation is terminated pursuant to Section 507(a) of the Code, and Sections 507(b) or 507(g)(2) are inapplicable, all the net assets of the corporation shall be distributed to one or more organizations selected by the Board of Directors and described in Section 170(b)(1)(A) of the Code (other than clauses (vii) and (viii) thereof) each of which has been in existence and so described for a continuous period of at least sixty (60) calendar months; however, this provision shall only apply if the Secretary of the Department of the Treasury of the United States of America

abates any tax imposed on the corporation by reason of Section 507(c) of the Code pursuant to the abatement authority granted him by Section 507(g) of the Code.

ARTICLE X. REGISTERED AGENT

The address of the initial registered office of the corporation is 7509 – 24th Avenue NW, Seattle, WA 98117-4404 and the name of its initial registered agent at such address is Marshall A. Johnson.

ARTICLE XI. INITIAL DIRECTORS

The initial Board of Directors shall consist of five directors. The name and address of the people who are to serve as the initial directors are:

Eric Evans
Tom Brown
Paul Beck
Building E, Suite 200
2320 – 130th Avenue NE
Bellevue, WA 98005

The name and address of the people who are to serve as the current directors are:

Jim Yourkowski
Michael Bitz
Tracy Barrett
Andrea Nichols
Gene Thompson
c/o CWD Group
7509 – 24th Avenue NW
Seattle, WA 98117-4404

Thereafter, the management of the corporation will be vested in a board of directors consisting of no less than five (5) directors. The qualifications, term of office, manner of election, time and place of meeting, and powers and duties of the directors shall be as prescribed in the Bylaws of the corporation.

ARTICLE XII. LIMITATION OF LIABILITY

A director of the corporation shall not be personally liable to the corporation or its members for monetary damages for conduct as a director, except for liability of the director: (i) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director; (ii) 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; or (iii) for conduct violating Section 238.08.310 of the Washington Business Corporation Act. If the Washington Nonprofit Corporation Act 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 corporation shall be eliminated or limited to the fullest extent

permitted by the Washington Nonprofit Corporation Act and the Washington Business Corporation Act, as amended, without any requirement of further action by the director or the members. Any repeal or modification of this Article by the directors or members of the corporation shall not adversely affect any right or protection of any individual who is or was a director of the corporation which existed at the time of such repeal or modification.

ARTICLE XIII. INDEMNIFICATION

The corporation shall indemnify any individual made a party to a proceeding because that individual is or was a director of the corporation and shall advance or reimburse the reasonable expenses incurred by such individual in advance of final disposition of the proceeding, without regard to the limitations in RCW 238.08.510 through 238.08.550 of the Washington Business Corporation Act, or any other limitation which may hereafter be enacted to the extent such limitation may be disregarded if authorized by the Articles of Incorporation, to the full extent and under all circumstances permitted by applicable law.

Any indemnification provided under this Article shall, unless limited by the terms of the undertaking to indemnify, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators.

No indemnification shall be provided under this Article to any person if the corporation is prohibited by the nonexclusive provisions of the Washington Nonprofit Corporation Act (or other applicable law as then in effect) from paying such indemnification, or if in the opinion of counsel payment of such indemnification would subject the corporation to imposition of excise taxes under the Code or would cause the corporation to lose its tax exempt status (if any) from federal income taxation.

Any repeal or modification of this Article by the directors or members of the corporation shall not adversely affect any right or protection of any individual who is or was a director or officer of the corporation existing at the time of such repeal or modification.

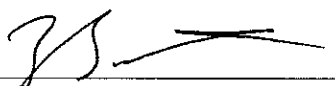
ARTICLE XIV. INSURANCE

The corporation shall have the power to purchase and maintain insurance on behalf of an individual, including without limitation officers, directors, employees and agents of the corporation, to the extent allowed by applicable law, including without limitation RCW 23B.08.580, as amended.

ARTICLE XV. INCORPORATOR

The incorporator is Tracy Barrett and her address is c/o CWD Group, 7509 – 24th Avenue NW, Seattle, WA 98117-4404

DATED this 6th day of August, 2001.



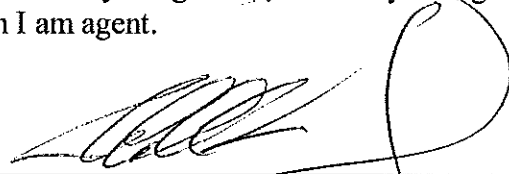
Tracy Barrett

CONSENT TO SERVE AS REGISTERED AGENT

I, MARSHALL A. JOHNSON, hereby consent to serve as Registered Agent, in the State of Washington for the following corporation, Silver Firs Homeowners Association Phase II. 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 changes in the registered office address of the corporation for which I am agent.

08/10/01

Date



Signature of Agent

Name of Registered Agent: Marshall A. Johnson

Address of Registered Agent: 7509 – 24th Avenue NW
Seattle, WA 98117-4404