

HIGHLAND HILLS MAINTENANCE COMMISSION

ARTICLES OF INCORPORATION (as amended November 18, 2007)

ARTICLE I

The name of the corporation is Highland Hills Maintenance Commission. The corporation is hereinafter called the "Commission."

ARTICLE II

The period of duration of the Commission shall be perpetual.

ARTICLE III

The Commission is a nonprofit corporation organized under Revised Code of Washington Chapter 24.03 and is a "homeowners' association" as defined in Revised Code of Washington Section 64.38.010(1). The real property located within the Commission's jurisdiction consists of (i) the real properties located on November 18, 2007 within that certain area on Bell Hill in Clallam County, Washington, both developed and undeveloped, commonly known as Highland Hills, and (ii) such additions thereto as may be brought within such jurisdiction after November 18, 2007 by the Commission's Board of Trustees with the approval of the Commission's members. Such real properties and any such additions are hereinafter collectively called "Highland Hills."

The Commission is organized for the purposes of:

1. maintaining, repairing and supervising the care and upkeep of:
 - a. those roads within Highland Hills that as of November 18, 2007 have been paved for general ingress and egress, and such additions thereto as may be brought within the jurisdiction of the Commission after November 18, 2007 by the Commission's Board of Trustees,
 - b. the principal system of storm water runoff ditches, culverts and detention basins throughout Highland Hills, and
 - c. property at any time owned by the Commission, or otherwise maintained, repaired or administered by the Commission, for the common use and enjoyment of the Commission's members; and
2. in general, promoting the health, safety, welfare and quality of life of, and a sense of community among, the residents within Highland Hills.

The roads and additions referred to in 1a above: (i) do not include driveways, nor do they include easements paved by Commission members at their own expense unless and until brought within the jurisdiction of the Commission either prior to or after November 18, 2007 by the Commission's Board of Trustees; and (ii) are to be maintained to historical standards.

The principal system referred to in 1b above: (i) does not include ditches, culverts, retention ponds, drains or the like that are part of systems installed by Commission members for collecting and/or storing runoff from their respective properties and releasing it into such principal system, nor does it include driveways above culverts nor the backfill for such driveways; and (ii) shall not be required to be maintained to specifications more stringent than those set forth in the Drainage Plan for Highland Hills revised October 3, 1984 authored by Gary V. East, P.E. or their equivalent.

The activities referred to in 2 above need not include security, or other functions or types of services usually associated with municipal entities or other government agencies.

ARTICLE IV

In addition to each of the other powers given to the Commission by law (including without limitation the power to have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Commission is organized), and not in limitation of any of such other powers, the Commission shall have the power, but not the obligation:

1. to promulgate and provide rules and regulations for the use and enjoyment of the real property located within the Commission's jurisdiction, and to monitor and enforce the protective covenants and restrictions applicable to such property and the other governing documents of the Commission;
2. to annex additional property and common areas;
3. to purchase, accept, or otherwise acquire, own and hold, construct, improve, develop, repair, maintain, operate, care for and manage recreational areas, water systems, fences, walks, alleys, community buildings, utilities of any kind or natural whatsoever and, in general, community facilities appropriate for the convenience, entertainment, relaxation, use and benefit of the members of the Commission;
4. to dedicate, sell or transfer all or and part of any common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Commission's members;
5. to levy and collect dues, charges and/or assessments as may be necessary in the judgment of the Commission's Board of Trustees to carry out any or all of the purposes for which the Commission is organized; and
6. to have and exercise any and all powers, rights and privileges granted to non-profit corporations and homeowners' associations under the statutes of the State of Washington as the same now exist or may hereafter be amended.

ARTICLE V

Every person or entity that is the owner of a fee title in real property, or of the equitable title in real property when purchasing under a contract, and who is subject to assessment, either present or in the future, by the Commission pursuant to the provisions of any recorded instrument relating to such assessment, shall be a member of the Commission. For the purpose of determining membership, such ownership shall be deemed to have vested upon delivery of a duly executed deed, or contract conveying equitable title, to the grantee or vendee. The legal title retained by a vendor selling equitable title under a contract shall not qualify such vendor for membership. Foreclosure of a contract conveying equitable title or repossession for any reason of the real property

sold under such a contract shall terminate the vendee's membership that vested upon delivery of the contract, whereupon all right to such membership shall re-vest in the vendor.

Multiple real properties beneficially owned by the same person or entity shall not give rise to more than one membership in the Commission. Multiple real properties are beneficially owned by the same person if, for example, that person holds one or more real properties in his or her full name and other real property is titled in a variation of that name, in the name of that person's spouse or minor child or a trust controlled by or established for the benefit of that person or either of them, or in the name of a corporation or partnership controlled by any of them.

ARTICLE VI

The Commission shall not have or issue capital stock.

ARTICLE VII

The interest of each member shall be equal to that of any other member; and no member shall acquire an interest which shall entitle such member to any greater voice, vote, authority or interest in the Commission than any other member.

When more than one person and/or entity holds an interest or interests in a parcel of real property, all of such persons and/or entities shall be considered a single member for voting purposes and the vote for such real property shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to such real property.

Except to the extent such voting right may be limited or denied in the By-laws of the Commission, each member of the Commission shall be entitled to one vote on each matter submitted to a vote of the members, regardless of the size or number of the real properties the member owns.

ARTICLE VIII

Members have the right to receive services substantially at cost, to receive a return of any excess of payments over losses and expenses, and to share in any assets upon dissolution. Any excess income not retained in reasonable reserves for future losses and expenses belongs to the members in proportion to their patronage or business done with the Commission.

Records shall be kept as are necessary to determine at any time each member's rights and interests in the assets of the Commission.

A former member's rights and interests will not be forfeited upon withdrawal or termination of membership.

Upon dissolution, the assets of the Commission, after the payment of all debts and obligations, will be distributed to all members and former members in proportion to their business done with the Commission, insofar as is practicable.

ARTICLE IX

The number of trustees of the Commission shall not be less than three. Subject to such limitation, the number of trustees shall be fixed by or in the manner provided in the Commission's By-laws from time to time.

ARTICLE X

No trustee shall have any personal liability to the Commission or the Commission's members for monetary damages for conduct as a trustee, except for acts or omissions that involve intentional misconduct by the trustee, a knowing violation of the law by the trustee, conduct violating Revised Code of Washington Section 23B.08.310, or a transaction from which the trustee has personally received or will personally receive a benefit in money, property or services to which the trustee is not legally entitled.

ARTICLE XI

The Commission shall, to the maximum extent permitted by law, indemnify and hold harmless any individual made or threatened to be made a party to any proceeding because the individual is or was a trustee or officer of the Commission, a member of the Commission's Architectural Control Committee or a member of any committee designated in or as contemplated in the Commission's By-laws. Such obligation shall include but not be limited to indemnification in the manner and to the extent provided in Revised Code of Washington Sections 23B.08.500 through 23B.08.600 (as now existing or hereafter amended) and the advance of counsel fees and other reasonable expenses, and such obligation shall also benefit the estate or personal representative of each such individual. For purposes of the foregoing, "proceeding" shall include any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal. Repeal of this Article shall not affect the obligation of the Commission with respect to acts or omissions prior to such repeal.

ARTICLE XII

The Commission reserves the right to amend, alter, change or repeal any provisions contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred upon the members of the Commission herein are subject to this reservation.