

JAN 20 1994

RALPH MUNRO
SECRETARY OF STATE

ARTICLES OF INCORPORATION

OF

RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION

(A Washington Nonprofit Corporation)

The undersigned, acting as an incorporator under the Washington Nonprofit Corporation Act (Revised Code of Washington, Chapter 24.03), hereby adopts and executes the following Articles of Incorporation.

ARTICLE I

NAME

The name of this corporation is **RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION**, referred to below as the "Association".

ARTICLE II

DURATION

The period of duration of the Association shall be perpetual.

ARTICLE III

PURPOSES

The purposes for which the Association is formed are the performance, in compliance with the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, and any modifications or amendments thereto (referred to below as the "Declaration"), recorded or to be recorded with respect to the real property located in Spokane County, Washington, commonly known as The Ridge at Hangman, of the following:

1. To provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation and architectural control of common area property and/or Association property, and for architectural control over all property, within the property located in or added to The Ridge at Hangman.

2. To promote the health, safety, welfare, recreation, education, and social interaction of all residents within the above described property and any additions which may be made thereto; and

3. To engage in any other lawful activity which may hereafter be authorized from time to time by the members of the Association.

ARTICLE IV

POWERS

In furtherance of the purposes for which this Association is organized, and subject to the requirements and limitations imposed by the Declaration, as it now exists or as it may hereafter be modified or amended, this Association shall have the power to:

1. Perform all of the duties and obligations of the Association as stated in the Declaration;

2. Fix, levy, collect and enforce assessments and fines as established in the Declaration;

3. Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Association's property;

4. Acquire (by gift, purchase, or otherwise), own, hold, improve, use, build upon, use, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use, or otherwise grant interests in or dispose of real or personal property in connection with the affairs of the Association;

5. Make contracts and incur liabilities, borrow money and mortgage, pledge, deed in trust, encumber or hypothecate any or all of its real or personal property as security for money borrowed or debts arising or incurred;

6. Dedicate, sell, transfer, or grant easements over, on, under, above, or across all or any part of any Association Common Area to any public agency, any authority, or any utility for such purposes and subject to such conditions as may be agreed upon by the holders of seventy-five percent (75%) of the voting rights within the Association;

7. Participate in mergers and consolidations with other nonprofit corporations organized for compatible purposes, or annex additional property to the property included within The Ridge at Hangman; and

8. Have and exercise any and all powers, rights and privileges which a nonprofit corporation organized under Washington's Nonprofit Corporation Act may now or hereafter have or exercise.

ARTICLE V

MEMBERS AND MEMBERSHIP

1. Non-Stock Corporation. Participation in management in and ownership of the Association shall be by membership only. The Association shall issue no stock and shall have no shareholders.

2. Membership. The owner of a Lot, as defined in the Declaration, shall automatically be a member of the Association upon becoming an owner, and shall remain a member in the Association until such time as such ownership ceases, for any reason, at which time such owner's membership in the Association shall automatically terminate. Membership shall be defined and governed by these Articles, the Declaration and the Bylaws of the Association.

3. Transfer of Ownership. No member may transfer, pledge, encumber, or alienate any portion of a Membership interest in the Association, except upon the transfer of ownership of the Lot to which it is appurtenant. In that event, membership shall transfer automatically to the new Lot owner. Any attempt to make a prohibited transfer is void. In the event the owner of any Lot transfers ownership of such Lot, the Association shall have the right to transfer and record the change in membership to the new owner. No shares or certificates are required in order to establish a Lot owner's membership.

4. Classes of Membership. The Association shall have two (2) classes of voting membership established according to the Declaration Establishing Covenants, Conditions and Restrictions for The Ridge at Hangman.

5. Limitation of Payment to Dissenting Member. Except upon dissolution of the Association, a dissenting Member shall not be entitled to any return of any contribution or other interest in the Association.

ARTICLE VI

INITIAL PRINCIPAL OFFICE AND AGENT

The initial principal office of the Association shall be at 220 West Main, Spokane, Washington 99201-0100, and the name of its initial registered agent at that address shall be Brian C. Balch. The written consent of such person to serve as registered agent is attached hereto.

ARTICLE VII

BOARD OF TRUSTEES; INCORPORATOR

The management of this Association shall be vested in a Board of Trustees. The

number of Trustees, and the method of selecting them, shall be fixed by the Bylaws of the Association; provided, that the initial Board shall consist of one (1) member and his name and address are:

Brian M. McCoy

P. O. Box 3510
Ketchum, ID 83340

The name and address of the incorporator of the Association are:

Brian M. McCoy

P. O. Box 3510
Ketchum, ID 83340

ARTICLE VIII

RELEASE FROM LIABILITY AND INDEMNIFICATION OF TRUSTEES

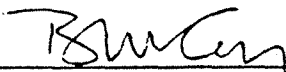
To the fullest extent permitted by law, the Association shall indemnify and release Trustees from liability or obligations arising from their conduct as Trustees on behalf of the Association. Provided, this provision shall not eliminate or limit the liability of a Trustee for acts or omissions that involve intentional misconduct by a Trustee, or a knowing violation of law by a Trustee, or for any transaction from which the Trustee will personally receive a benefit in money, property, or services to which the Trustee is not legally entitled.

ARTICLE IX

DISTRIBUTIONS UPON DISSOLUTION

In the event of dissolution of the Association under provisions of the laws of the State of Washington for nonprofit corporations, all of its assets remaining after payment of creditors, shall be distributed among the Members, with even shares allocated to each Lot giving rise to any voting right immediately prior to such dissolution.

DATED: JAN 6, 1994



Brian M. McCoy - Incorporator