

JERRY McNairy
2411 S MORRILL CT
Spokane WA
99223



4908339
Page: 1 of 5
06/11/2003 04:20P
Spokane Co, WA

ARTICLES OF FORMATION
OF
FIRST ADDITION TO PINE CLIFF HOMEOWNERS' ASSOCIATION

1. Formation of Homeowners' Association. Jerry McNairy, sole owner of the residential real property described below, in support of approval and acceptance of the Final Plat of First Addition to Pine Cliff, and under authority of Chapter 64.38 of the Revised Code of Washington (RCW), hereby adopts the following Articles of Formation of First Addition to Pine Cliff Homeowners' Association, an unincorporated association formed to have jurisdiction over the following described residential real property:

The West 360 feet of that portion of the Northwest quarter of the Southwest quarter of Section 26, Township 25 North, Range 43 East W.M., described as follows:

BEGINNING at the Northwest corner of Plat of Pine Cliff which point is 1,386 feet North and 30 feet East of the Southwest corner of said Southwest quarter, thence North 247.5 feet, thence East 1,287 feet, more or less, to its intersection with the following described line;

BEGINNING at a point 1,782 feet North of the Southeast corner of the West half of said Southwest quarter, thence running Southwesterly to a point on the South line of said Southwest quarter, 462 feet West of the Southeast corner of the West half of said Southwest quarter; thence Southwesterly along said described line to the Northeast corner of aforesaid Pine Cliff Addition, thence West along the North line of PINE CLIFF ADDITION to the point of beginning, EXCEPT the North 20 feet thereof.

(commonly known as 2415 S. Havana St., Spokane, Washington)
Assessor's Property Tax Parcel/Account Number: 35263.9116

The State of Washington Uniform Business Identification (UBI) number for First Addition to Pine Cliff Homeowners' Association (Association) is 602284078. This Association replaces the defunct First Addition to Pine Cliff – Homeowners Association that was incorporated on or about August 9, 1999 under UBI number 601972905.



2. Association Membership. The membership of the First Addition to Pine Cliff Homeowners' Association (Association) at all times shall consist exclusively of the owners of all real property over which the association has jurisdiction, both developed and undeveloped.

3. Association Powers. The Association may:

- (1) Adopt and amend bylaws, rules, and regulations;
- (2) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from owners;
- (3) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- (4) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the homeowners' Association, but not on behalf of owners involved in disputes that are not the responsibility of the Association;
- (5) Make contracts and incur liabilities;
- (6) Regulate the use, maintenance, repair, replacement, and modification of common areas;
- (7) Cause additional improvements to be made as a part of the common areas;
- (8) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
- (9) Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys;
- (10) Impose and collect any payments, fees, or charges for the use, rental, or operation of the common areas;
- (11) Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the board of directors or by the representative designated by the board of directors and in accordance with the procedures as provided in the bylaws or rules and regulations adopted by the board of directors, levy reasonable fines in accordance with a previously established schedule adopted by the board of directors and furnished to the owners for violation of the bylaws, rules, and regulations of the association;
- (12) Exercise any other powers conferred by the bylaws;



(13) Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and

(14) Exercise any other powers necessary and proper for the governance and operation of the Association.

4. Board of Directors.

(1) Except as provided in the governing documents for the Association or Chapter 64.38 RCW, the board of directors shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the board of directors shall exercise the degree of care and loyalty required of an officer or director of a corporation organized under chapter 24.03 RCW.

(2) The board of directors shall not act on behalf of the Association to amend these Articles of Formation, to take any action that requires the vote or approval of the owners, to terminate the Association, to elect members of the board of directors, or to determine the qualifications, powers, and duties, or terms of office of members of the board of directors; but the board of directors may fill vacancies in its membership of the unexpired portion of any term.

(3) Within thirty days after adoption by the board of directors of any proposed regular or special budget of the Association, the board shall set a date for a meeting of the owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the owners of a majority of the votes in the Association are allocated or any larger percentage specified in the governing documents reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the owners shall be continued until such time as the owners ratify a subsequent budget proposed by the board of directors.

(4) The owners by a majority vote of the voting power in the Association present, in person or by proxy, and entitled to vote at any meeting of the owners at which a quorum is present, may remove any member of the board of directors with or without cause.

5. Association Bylaws. The bylaws of the Association shall provide for:

(1) The number, qualifications, powers and duties, terms of office, and manner of electing and removing the board of directors and officers and filling vacancies;

(2) Election by the board of directors of the officers of the Association as the bylaws specify;

(3) Which, if any, of its powers the board of directors or officers may delegate to other persons or to a managing agent;



(4) Which of its officers may prepare, execute, certify, and record amendments to the governing documents on behalf of the Association;

(5) The method of amending the bylaws; and

(6) Subject to the provisions of this declaraton, any other matters the Association deems necessary and appropriate.

6. Association Meetings. A meeting of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the board of directors, or by owners having ten percent of the votes in the association. Not less than fourteen nor more than sixty days in advance of any meeting, the secretary or other officers specified in the bylaws shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each owner or to any other mailing address designated in writing by the owner. The notice of any meeting shall state the time and place of the meeting and the business to be placed on the agenda by the board of directors for a vote by the owners, including the general nature of any proposed amendment to the articles of incorporation, bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

7. Board of Directors Meetings. Except as provided in this paragraph, all meetings of the board of directors shall be open for observation by all owners of record and their authorized agents. The board of directors shall keep minutes of all actions taken by the board, which shall be available to all owners. Upon the affirmative vote in open meeting to assemble in closed session, the board of directors may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of an owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The board of directors shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the board of directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. The requirements of this paragraph shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

8. Quorum for Association Meeting. Unless the governing documents specify a different percentage, a quorum is present throughout any meeting of the Association if the owners to which thirty-four percent of the votes of the Association are allocated are present in person or by proxy at the beginning of the meeting.



9. Association Financial and Other Records.

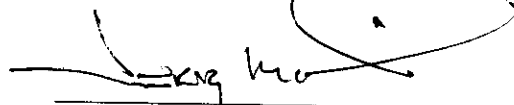
(1) The Association or its managing agent shall keep financial and other records sufficiently detailed to enable the Association to fully declare to each owner the true statement of its financial status. All financial and other records of the Association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the Association. Each Association managing agent shall turn over all original books and records to the Association immediately upon termination of the management relationship with the Association, or upon such other demand as is made by the board of directors. An association managing agent is entitled to keep copies of Association records. All records which the managing agent has turned over to the Association shall be made reasonably available for the examination and copying by the managing agent.

(2) All records of the Association, including the names and addresses of owners and other occupants of the lots, shall be available for examination by all owners, holders of mortgages on the lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the Association or its managing agent. The Association shall not release the unlisted telephone number of any owner. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records.

(3) At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association. The financial statements of Associations with annual assessments of fifty thousand dollars or more shall be audited at least annually by an independent certified public accountant, but the audit may be waived if sixty-seven percent of the votes cast by owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit.

10. Association Funds. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds.

Dated: April 1, 2003

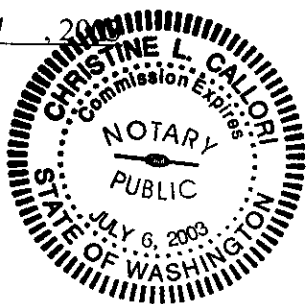


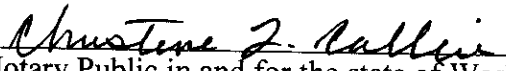
JERRY McNAIRY, real property owner

STATE OF WASHINGTON _____ }
COUNTY OF SPOKANE _____ }-ss

I certify that I know or have satisfactory evidence that JERRY McNAIRY (is/are) the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 6-11-2003





Notary Public in and for the state of Washington
My appointment expires: 7-6-2003