

FILED  
SECRETARY OF STATE  
SAM REED

APRIL 21, 2005

STATE OF WASHINGTON

## ARTICLES OF INCORPORATION

OF

## CANTERWOOD DIVISION 12 STEP SYSTEM ASSOCIATION

Robin Lerum, being a natural person over the age of 18, for the purpose of forming a nonprofit corporation under Chapter 24.03 of the Revised Code of Washington, adopts the following Articles of Incorporation:

## ARTICLE I

NAME

The name of the corporation shall be CANTERWOOD DIVISION 12 STEP SYSTEM ASSOCIATION (the "Association").

## ARTICLE II

DURATION

The period of duration of the Association shall be perpetual.

## ARTICLE III

PURPOSES

The Association is organized exclusively as a nonprofit association within the meaning of Section 528 of the Internal Revenue Code of 1986 (or the corresponding provision of any future U.S. Internal Revenue law). This Association does not contemplate pecuniary gain or profit to its members.

The specific purposes for which this Association is formed are to provide for certain services and benefits to owners of certain real property in Pierce County, Washington (the "Covered Property"), within the Canterwood development. The Covered Property is subject to a Declaration of Covenants, Conditions, and Restrictions for a STEP Sewerage System (the "Sewerage Declaration"), recorded on the 25<sup>th</sup> day of March, 2005, under Pierce County Auditor's No. 20050323092 and which authorized the formation of the Association. Terms in these Articles shall have the same meaning set forth in the Sewerage Declaration. The Association shall promote the

health, safety, and welfare of the real property owners within the Covered Property, all in accordance with the provisions of the Sewerage Declaration.

#### ARTICLE IV

##### POWERS

Without limiting the foregoing, the Association shall have the authority to exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Sewerage Declaration, and as the same may be amended from time to time; exercise all other powers that may be exercised in this state for the same type of corporation as the Association; and, exercise any other powers necessary and proper for the governance and operation of the Association.

#### ARTICLE V

##### DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by the Association's members representing at least three-quarters (3/4) of the vested votes as determined by the Sewerage Declaration. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is not accepted, 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 VI

##### REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Association is 2727 Hollycroft St., Gig Harbor, Washington 98335, and the name of its registered agent at such address is Robin Lerum.

#### ARTICLE VII

##### MANAGEMENT

The affairs of the Association shall be managed by the Board of Directors, as set forth more fully in the Bylaws of the Association. The right to make, alter or repeal the

Bylaws of the Association is reserved exclusively to the members of the Association as set forth in the Bylaws.

## ARTICLE VIII

### DIRECTORS

The number of directors constituting the initial Board of Directors of the Association is two (2) and the names and address of the persons who are to serve as directors until the first annual meeting of the members or until their successors are elected and qualified are:

1. Robin Lerum  
2727 Hollycroft St.  
Gig Harbor, WA 98335
2. Thair Jorgenson  
2727 Hollycroft St.  
Gig Harbor, WA 98335
3. Terry Morrow  
2727 Hollycroft St.  
Gig Harbor, WA 98335

## ARTICLE IX

### LIMITATION OF DIRECTOR LIABILITY

A director of the Association shall not be personally liable to the Association 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, or (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. If the Washington Nonprofit Corporation Act is amended to authorize corporate actions further eliminating or limiting the personal liability of directors, then the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the Washington Nonprofit Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the members of the Association shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.

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## ARTICLE X

### INDEMNIFICATION OF DIRECTORS & OFFICERS

The Association shall indemnify its directors and officers against all liability, damage, and expenses arising from or in connection with service as directors and officers with this Association to the maximum extent and under all circumstances permitted by law.

## ARTICLE XI

### INCORPORATOR

The name and address of the sole incorporator is Rush Division 12, LLC, 2727 Hollycroft Street, Gig Harbor, Washington 98335.

## ARTICLE XII

### EARNINGS

No part of the net earnings of the Association shall inure to the benefit of any member or individual, other than by acquiring, constructing or providing management, maintenance and care of Association property, or other, than by a rebate of excess membership dues, fees, or assessments.

## ARTICLE XIII

### MEMBERS

The members of the Association shall be every owner of a dwelling unit that is subject to the Sewerage Declaration and there shall be no other members. Membership in the Association is defined and limited by the Sewerage Declaration.

## ARTICLE XIV

### VOTING MEMBERSHIP

The Association shall have one (1) class of voting membership, and votes shall be allocated in accordance with Article III of the Sewerage Declaration.

ARTICLE XV

AMENDMENT

These Articles may be amended by the holders of seventy-five percent (75%) of the voting power of the Association. However, the Board of Directors shall have the authority to appoint a new Registered Agent, and the directors shall be appointed as stated in the Sewerage Declaration.

ARTICLE XVI

DEFINITIONS

The terms used in these Articles of Incorporation shall have the same meaning as in the Sewerage Declaration.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Washington, the undersigned, constituting the incorporator of this corporation, has executed these Articles of Incorporation this 25 day of March, 2005.

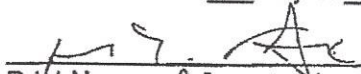
Rush Division 12, LLC

By   
ROBIN LERUM  
Authorized Agent

STATE OF WASHINGTON       )  
                                          ) ss.  
County of Pierce            )

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared ROBIN LERUM, to me known to be the Authorized Agent of Rush Division 12, LLC the entity described herein and that she executed the within and foregoing instrument on behalf of Rush Division 12, LLC, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 25 day of March, 2005.

  
Print Name: ALICE POTAK  
NOTARY PUBLIC in and for the State of  
Washington, residing at: 615 N. 1st St.  
My commission expires: 6-10-07