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**STATE of WASHINGTON      SECRETARY of STATE**

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I, **Ralph Munro**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

**CERTIFICATE OF INCORPORATION**

to

**HANGMAN HILLS RESIDENTS' ASSOCIATION**

a Washington      Non Profit      corporation. Articles of Incorporation were filed for record in this office on the date indicated below.

Corporation Number: 601 059 257

Date: December 7, 1987



Given under my hand and the seal of the State of Washington, at Olympia, the State Capitol.

Ralph Munro, Secretary of State

FILED  
DEC 7 - 1987  
SECRETARY OF STATE  
STATE OF WASHINGTON

ARTICLES OF INCORPORATION

OF

HANGMAN HILLS RESIDENTS' ASSOCIATION

THE UNDERSIGNED, in order to form a nonprofit corporation under Chapter 24.03 of the Revised Code of Washington, hereby signs and verifies the following Articles of Incorporation:

ARTICLE I

NAME

The name of the corporation is HANGMAN HILLS RESIDENTS' ASSOCIATION.

ARTICLE II

DURATION

The duration of the corporation shall be perpetual.

ARTICLE III.

REGISTERED OFFICE AND REGISTERED AGENT

The initial registered office of the corporation is 2528 Casper Drive, Rt. 3, Spokane, Washington 99203, and the initial registered agent at such address is JOHN BLEY.

ARTICLE IV

PURPOSES, LIMITATIONS, AND POWERS

4.1 PURPOSES: The purpose or purposes for which the corporation is organized are:

4.1.1 To promote and enhance the civic, social, and recreational interest of those persons who may, from time to time, be the Owners of real estate in HANGMAN HILLS, a planned community in Spokane County, Washington, insofar as those interests relate to said ownership; to acquire by gift or purchase, or otherwise deal with, improvements of every kind whatsoever upon its land; to exercise all powers granted by law to nonprofit corporations, and to do all lawful things and acts for the betterment of it members and promotion of their interests; to levy assessments and borrow money for the accomplishment of the foregoing purposes. Notwithstanding anything herein to the contrary, the corporation shall exercise only such powers as are in furtherance of the exempt purposes of organizations set forth in Section 501(c)(7)

of the Internal Revenue Code and its regulations as the same now exist or as they may be hereafter amended from time to time.

4.1.2 To own, purchase, lease, or otherwise acquire real estate, to improve, operate, and to sell, convey, assign, mortgage, or lease any real estate or personal property.

4.1.3 To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, deed of trust, pledge, or other lien.

4.1.4 To enter into, perform, and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of any one or more of the purposes of the corporation.

4.1.5 To provide for the maintenance, preservation, and operation of the Common Properties (as that term is defined in the Declaration(s)) within HANGMAN HILLS for the benefit of the residents of such community.

4.1.6 To provide, maintain, and operate parks, athletic facilities, and other recreational facilities which will be of benefit to the residents of such community.

The foregoing clauses shall be construed both as objects and powers. The foregoing enumeration of specific powers shall not be deemed to limit or restrict in any manner the general powers of the corporation and the enjoyment and exercise thereof as conferred by the laws of the state of Washington now or hereafter in effect.

#### 4.2 LIMITATIONS:

4.2.1 The corporation shall have no capital stock, and no part of its net earnings, if any, shall inure to the benefit of any Director, officer, or member of the corporation, or any private individual.

4.2.2 No member, Director, or officer of the corporation, or 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 such dissolution or winding up, all the remaining assets of the corporation shall be distributed by the Board of Directors for identical uses and purposes to any other organization which would then qualify for exemption under the provisions of Section 501(c)(7) of the Internal Revenue Code as now stated or as it may be hereafter amended.

4.2.3 No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, 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.

4.2.4 Notwithstanding any other provisions of these Articles, the corporation shall not conduct or carry on activities not permitted to be conducted or carried on by an organization exempt under Section 501(c)(7) of the Internal Revenue Code as now stated, or as it may be hereafter amended, or by organization contributions to which are deductible under Section 170(c)(2) of such Code as now stated or as it may be hereafter amended.

4.3 POWERS: In general, and subject to such limitations and conditions as are or may be prescribed by law, or in the corporation's Articles of Incorporation or Bylaws, the corporation shall have all powers which now or are hereafter conferred by the law upon a corporation organized for the purpose hereinabove set forth, or necessary or incidental to the powers so conferred, or conducive to the attainment of the purpose of the corporation.

## ARTICLE V

### DIRECTORS

5.1 NUMBER OF DIRECTORS: The management of the corporation will be vested in a Board of no less than fourteen (14) Directors. The number, qualifications, term of office, manner of election, time and place of meeting, and powers and duties of the Directors shall be such as are prescribed by the Bylaws of the corporation, subject to the provisions of Article VII hereof.

5.2 INITIAL DIRECTORS: The names and addresses of the Directors who will first manage the affairs of the corporation until the first annual meeting of the membership, as provided in the Bylaws, and until their successors are elected and qualified, are:

JOHN BLEY	2528 Casper Drive Spokane, Washington 99223
BARNEY HALSTEAD	2602 Player Drive Spokane, Washington 99223
MARGARET SIMS	11922 Funseth Drive Spokane, Washington 99223
ROBERT ALDERSON	2620 Player Drive Spokane, Washington 99223
RAY JAMES	East 2805 Player Drive Spokane, Washington 99223
GENE COFINI	East 2605 Player Drive Spokane, Washington 99223

PAT TAYLOR

South 12122 Player Drive  
Spokane, Washington 99223

JOE JOHNSON

East 2602 Nicklaus  
Spokane, Washington 99223

DICK RAYMOND

South 11923 Player Drive  
Spokane, Washington 99223

BILL PRUITT

South 11906 Player Drive  
Spokane, Washington 99223

ROD EVERS

South 11821 Player Drive  
Spokane, Washington 99223

DEANIE HOFFMAN

South 11723 Player Drive  
Spokane, Washington 99223

CHUCK SCHMELZER

East 2321 Casper Drive  
Spokane, Washington 99223

BOB LUNDY

East 2609 Player Drive  
Spokane, Washington 99223

Directors need not be members of the corporation. At the first annual meeting, members shall elect all Directors for a term of one (1) year. Thereafter, the members shall elect Directors for a term of one (1) year.

Directors elected by the members may be removed from office by majority vote of the members voting in person or by proxy at a meeting called for the purpose of considering such removal.

## ARTICLE VI

### INDEMNIFICATION AND EXCULPATION

6.1 LIABILITY OF DIRECTORS: No Director or former Director of the Association shall be personally liable to the Association or its members for monetary damages for conduct as a Director occurring after the effective date of these Articles unless the conduct is finally adjudged to have been for acts or omissions that involve intentional misconduct by a Director, or a knowing violation of law by a Director, or 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.

6.2 INDEMNIFICATION OF DIRECTORS: The Association shall indemnify any person who is, or is threatened to be made, a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether by or in the right of the Association or its members, or by any other party, by reason of the fact that the person is or was a Director of the corporation, against judgments,

penalties, or penalty taxes, fines, settlements (even if paid or payable to the Association or its members), and reasonable expenses, including attorney's fees, actually incurred in connection with such proceeding unless the liability and expenses were on account of acts or omissions that involve intentional misconduct by a Director, or a knowing violation of law by a Director, or 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.

6.3 MEMBERS' RIGHTS: Any member, acting with authority on behalf of the corporation in an uncompensated capacity, shall be afforded the rights afforded the Directors of the corporation pursuant to Paragraphs 6.1 and 6.2 of these Articles.

## ARTICLE VII

### MEMBERSHIP

Members of the corporation shall be every resident Owner of a fee or an undivided fee interest in any Building Site or Living Unit (as those terms are defined in the Declarations of Restrictive Covenants as are or may be recorded with the Spokane County Auditor for the HANGMAN HILLS subdivisions), and every resident person who holds a contract purchaser's interest of record in a Building Site or Living Unit, and who is current in payment of dues established by the membership. There shall be no other qualification for membership except as set forth above. Membership shall terminate on transfer of a fee simple title by an Owner or the contract purchaser's interest by the contract purchaser who qualifies as a member. If an Owner sells a Building Site or Living Unit by contract of sale, upon recordation thereof, the Owner's membership shall terminate and the contract purchaser's membership shall commence.

The Board of Directors of the corporation may establish by resolution a classification of associate membership which shall be applicable to residents of the HANGMAN HILLS community who are not eligible as members, and to tenants of members of the corporation. Associate members shall have no voting rights.

## ARTICLE VIII

### VOTING RIGHTS

All members, current in the payment of dues, will be entitled to one (1) vote for each Building Site or Living Unit in which they hold the interest required for membership by Article VII. If more than one (1) person holds such interest or interests, all such persons shall be members, but the vote of each Building Site or Living Unit shall be exercised as the persons holding such interests shall determine between themselves, provided that in no event shall more than one (1) vote be cast with respect to any such Building Site or Living Unit.

## ARTICLE IX

### AUTHORITY TO DEDICATE

The corporation shall have power to dedicate, sell, or transfer all or any part of the Common Properties to any municipal corporation, public agency, authority, or utility for such purposes and subject to such condition as may be agreed to by the members. No such dedication or transfer shall be effective unless it is referred to the general membership for a vote. Such referral must be approved by a vote of not less than two-thirds (2/3) of the Board of Directors of the Association. Approval of the general membership shall require the assent of two-thirds (2/3) of the vote of the members who are voting in person, or by proxy, or at an Annual or Special Meeting duly called for such purpose.

The corporation shall have power to exchange any part of the Common Properties for a like amount of property contiguous to such common property, provided that the Board of Directors of the corporation, by unanimous vote of all the members of the Board of Directors when in office, finds: (a) that such an exchange will be beneficial to the corporation, and (b) the value of the property exchanged is at least equal to the value of the Common Properties involved in the exchange.

## ARTICLE X

### MERGERS AND CONSOLIDATIONS

Subject to the provisions of the Declaration, and to the extent permitted by law, the corporation may merge or consolidate with other nonprofit corporations organized for the same purpose, provided that such merger or consolidation shall have the assent of two-thirds (2/3) of the vote of the members who are voting in person or by proxy at a meeting duly called for such purpose.

## ARTICLE XI

### DISSOLUTION

The corporation may be dissolved only upon the vote to such effect of not less than two-thirds (2/3) of all the members entitled to vote. Such vote may be in person or by proxy at a meeting duly called for such purpose.

Upon dissolution of the corporation, the assets, both real and personal, of the corporation shall be dedicated to an appropriate municipal corporation or other public agency to be devoted to purposes as nearly as practical as the same as those to which they were required to be devoted by the corporation. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to purposes and uses to which

they were required to be devoted by the corporation, provided nothing contained herein shall prevent the transfer of the corporation's assets, both real and personal, upon dissolution to an appropriate municipal corporation or other public agency so long as such assets, when so transferred, shall be dedicated and devoted to purposes as nearly as practicable to those purposes which they were required to be devoted by the corporation.

## ARTICLE XII

### AMENDMENTS

12.1 ARTICLES OF INCORPORATION: Amendment of these Articles shall require the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting called to consider such amendment. However, the voting requirements specified for any action under any provision of these Articles shall only be amended in accordance with the voting requirements thus specified.

12.2 BYLAWS: The Bylaws may be amended at a regular or special meeting of the members provided that such amendment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at such meeting, and that notice of the amendment had been included in the notice of the meeting.

## ARTICLE XIII

### INCORPORATOR

The name and address of the incorporator is JOHN BLEY, 2528 Casper Drive, Spokane, Washington 99223.

IN WITNESS WHEREOF, the incorporator hereinabove named has hereunto set his hand in duplicate this 12 day of NOVEMBER, 1987.

  
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JOHN BLEY