

FILED/EFFECTIVE ARTICLES OF INCORPORATION

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OF

STATE OF IDAHO
SELKIRK MEADOWS OWNERS ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS that **GORDON D. SYLTE**, being over the age of eighteen (18) years, and for the purposes of forming a corporation under the Idaho Nonprofit Corporation Act, hereby certifies and adopts the following Articles of Incorporation:

**ARTICLE I
NAME**

The name of the Corporation (hereinafter called the "Association") is **SELKIRK MEADOWS OWNERS ASSOCIATION, INC.**, and it is a non-profit corporation.

**ARTICLE II
DURATION**

The Association shall exist perpetually.

**ARTICLE III
PURPOSES AND POWERS OF THE ASSOCIATION**

This Association does not contemplate the distribution of gains, profits, or dividends to its Members. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation, insurance, and architectural control of Association property within that certain residential subdivision located in Kootenai County, Idaho, commonly known as "Selkirk Meadows," and to promote the health, safety and welfare of all owners and tenants using the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for such purpose, all according to that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") recorded or to be recorded with respect to said property in the Office of the Recorder of Kootenai County. Additionally, the Association shall have the power to provide water and other utility services to owners of property outside the boundaries of the Selkirk Meadows project, and to make Association property available to such outside owners, on terms negotiated with such owners by the Board of Directors of the Association.

In furtherance of said purposes, and subject to the approval of Members as required by the Declaration and the remaining Project Documents, this Association shall have power to:

- (a) Perform all of the duties and obligations of the Association as set forth in the Declaration;
- (b) Fix, levy, collect and enforce Assessments as set forth in the Declaration;

(c) 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 property;

(d) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association. Without limiting this authority, the Association shall have the power to contract for the providing of water and other utility services, and for access and use of Association property by owners of property outside the Selkirk Meadows project;

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

(f) Dedicate, sell, transfer, or grant easements over all or any part of the subject property to any public agency, authority or utility for such purposes and subject to such conditions as may be determined by the Board;

(g) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional property to the property managed by the Association;

(h) Have and exercise any and all powers, rights, and privileges which a corporation organized under the Nonprofit Corporation Act of the state Idaho by law may now or hereafter have or exercise.

ARTICLE IV MEMBERS AND MEMBERSHIP

1. Non-stock Corporation. Participation in management 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 shall automatically, upon becoming an Owner, be a Member of the Association, and shall remain a Member thereof until such time as its ownership ceases for any reason, at which time its membership in the Association shall automatically cease. Membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Association.

3. Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in its name to the purchaser of its Lot, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

4. Classes of Membership. The Association shall have two (2) primary classes of voting membership, established as follows:

Class A Membership. Class A Membership shall be that held by each Owner of a Lot other than the Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned.

Class B Membership. Class B Membership shall be that held by the Declarant (or its successor-in-interest with respect to the Project), which shall be entitled to three (3) votes for each Lot owned by the Declarant; provided, that Class B Membership shall be converted to Class A Membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

When the total outstanding voting power held by the Class A Members in a particular Phase equals the total outstanding voting power (tripled as above) held by the Class B Member; provided, that Class B Membership shall thus terminate only with respect to that particular Phase; or

On the fifteenth (15) anniversary of the recordation of the Declaration or of the Declaration of the Declaration of Annexation for the most recently annexed Phase of the Project.

Additionally, the Board shall have the power to establish limited voting rights for owners of land outside the Project, allowing such owners to vote on specific matters relating to the services provided.

5. Voting Requirements. Any action by the Association which must have the approval of the Association membership before being undertaken, shall require the vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present (both classes combined), unless a greater proportion or a different tabulation of votes is required by these Articles of Incorporation, the Declaration, the Bylaws, or the laws of the State of Idaho.

If a Lot is owned by more than one (1) person, each such person shall be a Member of the Association, but the voting power attributable to that Lot shall not be increased by the joint ownership, and the vote of that Lot shall not be split. If the Owners of a particular Lot present at a meeting, in person or by proxy, cannot agree on how to vote on a specific matter, no vote shall be exercised by the Lot on that matter.

6. Limitation of Payment to Dissenting Member. Membership in the Association is appurtenant to and cannot be segregated from ownership of a Lot within the jurisdiction of the Association. 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 V
INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Association shall be at 8626 West Sylte Ranch Road, Rathdrum, Idaho 83858, and the registered agent at such address shall be Gordon D. Sylte.

ARTICLE VI
BOARD OF DIRECTORS; INCORPORATOR

The affairs of this Association shall initially be managed by a Board of three (3) Directors, who shall be Members of the Association, or agents of a corporate Member. The number of Directors may be changed by the amendment of the Bylaws of the Association. The names and addresses of the initial three (3) Directors of the Association until the selection of their successors, are:

<u>Name</u>	<u>Address</u>
Gordon D. Sylte	8626 West Sylte Ranch Rd. Rathdrum, Idaho 83858
John C. Sylte	8626 West Sylte Ranch Rd. Rathdrum, Idaho 83858
Susan Carol Goodrich	8626 West Sylte Ranch Rd. Rathdrum, Idaho 83858

The name and address of the incorporator of this Association is as follows:

<u>Name</u>	<u>Address</u>
Gordon D. Sylte	8626 West Sylte Ranch Rd. Rathdrum, Idaho 83858

ARTICLE VII
INDEMNIFICATION

A Director of the Association shall not be personally liable to the Association for monetary damages arising from any conduct as a Director, except this limitation on liability shall not apply to (i) acts or omissions involving intentional misconduct by the Director or a knowing violation of law by the Director; or (ii) 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 Idaho Business Corporation Act and/or the Idaho Nonprofit Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of corporate Directors, then the liability of a Director of this Association shall be eliminated or limited to the fullest extent permitted by such law or laws, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Association existing at the time of such repeal or modification.

The Association has the power to indemnify, and to purchase and maintain insurance for, its Directors, officers, trustees, employees, and other persons and agents. Without limiting the generality of the foregoing, the Association shall indemnify its Directors against all liability, damages, and costs or expenses (including attorneys fees) arising from or in any way connected with service for, employment by, or other affiliation with this Association to the maximum extent and under all circumstances permitted by law.

ARTICLE VIII DISSOLUTION

In the event of the dissolution, liquidation, or winding up of the Association, after paying or adequately providing for the debts and obligations of the Association, the Directors or person in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights thereto as established in the Declaration.

ARTICLE IX AMENDMENT OF ARTICLES

These Articles may be amended at any time and in any manner by the vote of sixty-seven percent (67%) of the total voting power of the Association (both classes combined), or by the unanimous consent of the Members; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision; and provided further, that any such amendment shall not be inconsistent with the law.

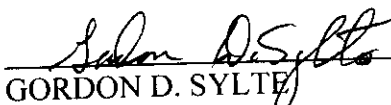
For the purpose of forming this Association under the laws of the state Idaho, the undersigned, being the incorporator of this Association, has executed these Articles of Incorporation on March 26, 2003.


GORDON D. SYLTE

CONSENT TO SERVE AS REGISTERED AGENT

I, GORDON D. SYLTE, hereby consent to serve as registered agent in the State Idaho, for the corporation known as SELKIRK MEADOWS OWNERS ASSOCIATION, INC. I understand that as agent for the Association, it will be my responsibility to receive service of process in the name of the Association; to forward all mail to the Association; and to immediately notify the office of the Secretary of State in the event of my resignation, or of any changes in the registered office address of the Association for which I am agent.

DATED: March 26, 2003.


GORDON D. SYLTE