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State of Idaho

Department of State

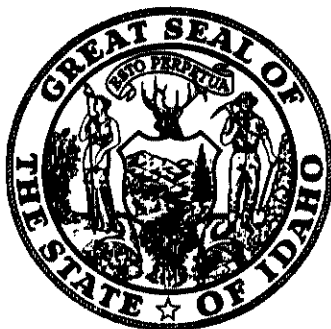
CERTIFICATE OF INCORPORATION OF

NORTH CAPE OWNERS ASSOCIATION, INC.

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Incorporation for the incorporation of NORTH CAPE OWNERS ASSOCIATION, INC. duly signed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated: November 6, 1992



Pete T. Cenarrusa
SECRETARY OF STATE

By *Shirley J. Clark*

ARTICLES OF INCORPORATION

OF

NORTH CAPE OWNERS ASSOCIATION, INC.

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KNOW ALL MEN BY THESE PRESENTS that, DAVID C. DABOLL, 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 in duplicate the following Articles of Incorporation:

**ARTICLE I
NAME**

The name of the Corporation (hereinafter called the "Association") is NORTH CAPE OWNERS ASSOCIATION, INC., and it is a nonprofit 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 and insurance of Association property within that certain residential subdivision situated in Kootenai County, Idaho, commonly known as the North Cape Subdivision, and to promote the health, safety and welfare of all residents within 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.

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

(a) Perform all of the duties and obligations of the Association as set forth in the Project Documents;

(b) Fix, levy, collect and enforce Assessments and fines 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;

(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) Grant easements over all or any part of any area controlled by the Association, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members;

(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 of 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 his ownership ceases for any reason, at which time his 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 his name to the purchaser of his 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. One Class of Membership. The Association shall have one class of voting membership, with the Owner of each Lot having one vote. 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.

5. 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 c/o Shelter Associates, 104 Poplar, Coeur d'Alene, Idaho 83814, and the registered agent at such address shall be Arthur G. Elliott III.

ARTICLE VI BOARD OF MANAGERS; INCORPORATORS

The affairs of this Association shall be managed by a Board of three (3) Managers, each of whom shall be an Owner of a Lot, or the agent of a non-individual Owner of a Lot. The names and addresses of the initial three (3) Managers of the Association, until the selection of their successors, are:

<u>Name</u>	<u>Address</u>
ARTHUR G. ELLIOTT III	c/o Shelter Associates 104 Poplar Coeur d'Alene, Idaho 83814
DAVID C. DABOLL	c/o Beebe, McKernan & McCarty 505 Front Ave. Suite 201 Coeur d'Alene, Idaho 83814
KELLY NELSON	c/o Northwest Fence Co. 7488 N. Government Way Coeur d'Alene, Idaho 83814

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

<u>Name</u>	<u>Address</u>
DAVID C. DABOLL	c/o Beebe, McKernan & McCarty 505 Front Ave. Suite 201 Coeur d'Alene, Idaho 83814

ARTICLE VII 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 Managers 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 VIII AMENDMENT OF ARTICLES

These Articles may be amended at any time and in any manner by the vote of seventy percent (70%) of the total voting power of the Association, or by the unanimous written consent of Lot Owners; 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 of Idaho, the undersigned, being the incorporator of this Association, has executed these Articles of Incorporation on November 3, 1992.



DAVID C. DABOLL