

**ARTICLES OF INCORPORATION
OF
BENNETT BAY ESTATES HOMEOWNERS' ASSOCIATION, INC.**

SECRETARY OF STATE
STATE OF IDAHO

KNOWN ALL MEN BY THESE PRESENTS that the undersigned, for the purpose of forming a corporation under the Idaho Nonprofit Corporation Act, hereby certifies and adopts the following Articles of Incorporation:

**ARTICLE I
NAME AND ADDRESS**

The name of the corporation (hereinafter referred to as the "Corporation") is "BENNETT BAY ESTATES HOMEOWNERS' ASSOCIATION, INC." The Corporation's mailing address is 4878 E. Annapolis Court, Coeur d'Alene, Idaho, 83814.

**ARTICLE II
DURATION**

The duration of this Corporation shall be perpetual.

**ARTICLE III
PURPOSE AND POWERS**

3.1 This Corporation is not organized for profit and no part of its gains or earnings shall inure or be distributed to its members. The specific primary purpose for which this Corporation is formed is to create a community association to carry out and enforce the provisions of that certain DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, AND RESTRICTIONS OF BENNETT BAY ESTATES, dated December 10, 1986, and recorded as Instrument No. 1071593, records of Kootenai County, Idaho (herein the "Declaration").

3.2 In furtherance of said purposes, and subject to the approval of members as required by law and/or the Declaration, the Corporation shall have the power to:

3.2.1 Perform all of the duties and obligations of the Corporation as set forth in the Declaration;

3.2.2 Fix, levy, collect and enforce assessments and fines as set forth in the Declaration and secure the payment of assessments through liens upon real property as allowed under Idaho law. Pursuant to Idaho Code Section 30-3-17(5), assessments may be made enforceable by action or by the forfeiture of membership, or both, upon notice given in writing twenty (20) days before commencement of such action or such forfeiture.

3.2.3 Pay all expenses and obligations incurred by the Corporation in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Corporation's property;

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3.2.4 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 Corporation;

3.2.5 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;

3.2.6 Dedicate, sell, transfer or grant easements over all or part of any of the Corporation's property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members;

3.2.7 Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional property to the property managed by the Corporation;

3.2.8 Litigate, mediate, arbitrate any and/or all corporate rights and obligations available at law and/or by the Declaration. This Corporation in addition to other provisions, may provide for the qualification of members, the terms and conditions of admission, the time, mode, conditions and effect of expulsion or withdraw from the restoration of membership, admission fees, charges and assessments; and for reimbursement for services rendered to and expenses incurred on behalf of the Corporation by any member to the Corporation, and such other rules and regulations as are not repugnant to the laws of the State of Idaho or the purposes of the project; and

3.2.9 Have and exercise any and all powers, rights and privileges which a corporation organized under the Idaho Nonprofit Corporation Act, which may now or hereafter exist.

ARTICLE IV. MEMBERS AND MEMBERSHIP

4.1 Non-Stock Corporation. Participation in management and ownership of the Corporation shall be by membership only. The Corporation shall issue no stock and shall have no shareholders.

4.2 Membership. The "Owner" of a "Parcel" located within the BENNETT BAY ESTATES "Property" shall automatically, upon becoming an Owner, be a member of the Corporation, and shall remain a member thereof until such time as a member's ownership ceases for any reason at which time its membership in the Corporation shall automatically cease. Membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Corporation.

4.3 Transferred Membership. Membership in the Corporation shall not be transferred, pledged or alienated in any way except upon the transfer of ownership of a Parcel to which it is appurtenant, and then only to the new owner thereof. Any attempt to make a prohibited transfer is void. In the event the owner of any Parcel should fail or refuse to transfer the membership registered

in its name to the purchaser of its Parcel, the Corporation shall have the right and authority to transfer the membership to the purchaser and record the transfer upon the books; thereupon the old membership outstanding in the name of the seller shall be null and void.

4.4 Classes of Membership. The Corporation shall have one (1) class of voting membership.

4.5 Voting Requirements. Except where otherwise expressly provided in the Declaration, these Articles of Incorporation or Bylaws, any action by the Corporation must have the approval of the Corporation membership before being undertaken and shall require the vote or written assent of the prescribed percentage of the total power of all combined classes of the Corporation membership.

4.6 One Vote Per Parcel. In the event a Parcel is jointly owned by two or more individuals and/or entities, such joint owners shall only be afforded a total of one (1) vote per Parcel. Regardless of the form of ownership, no Parcel shall be afforded more than one (1) vote with respect to association matters. There are currently five (5) parcels located within the Property, thus all association matters requiring a vote of the members shall be subject to a maximum of five (5) votes. In the event any parcel within the Property is divided into two (2) or more legal parcels, the vote allocated to the prior master parcel shall be re-allocated on a fractional basis between and among the resulting new parcels, so as to cause the total number of association votes to remain at a total of five (5) votes. The subdivision of any Parcel shall not affect or reduce the one (1) vote per parcel held and enjoyed by and all other Parcels located within the Property.

4.7 Limitation of Payment to Dissenting Member. Membership in the Corporation is appurtenant to and cannot be segregated from ownership of a Parcel within the Jurisdiction of the Corporation. Except under dissolution of the Corporation, a dissenting member shall not be entitled to any return of any contribution or other interest in the Corporation.

ARTICLE V

INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Corporation shall be 409 Coeur d'Alene Avenue, Coeur d'Alene, Idaho, 83814, and the name of its registered agent at such address is Brent G. Schlotthauer, Esq.

ARTICLE VI

BOARD OF DIRECTORS; INCORPORATORS

The affairs of this Corporation shall initially be managed by a Board of three (3) Directors. All subsequent directors must be members of the Corporation. The number of directors may be increased by amendment of Bylaws to an odd number not exceeding five (5) Directors. The names and addresses of the initial Directors of the Corporation until the nomination and election of their successors are:

<u>Name</u>	<u>Address</u>
<u>DANIEL F. STUBBS</u>	4878 E. Annapolis Court Coeur d'Alene, ID 83814
<u>RANDALL B. OETKEN</u>	4954 E. Annapolis Court Coeur d'Alene, ID 83814
<u>GARY MARTIN</u>	1319 Kamehame Dr. Honolulu, HI 96825

The name and address of the incorporator of the Corporation is as follows:

<u>Name</u>	<u>Address</u>
<u>DANIEL F. STUBBS</u>	4878 E. Annapolis Court Coeur d'Alene, ID 83814

ARTICLE VII INDEMNIFICATION

A Director of the Corporation shall not be personally liable to the Corporation 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. In the event the Idaho Business Corporation Act and/or the Idaho Nonprofit Corporation Act authorizes corporate action eliminating or limiting the personal liability of corporate Directors, then the liability of a Director of this Corporation shall be eliminated or limited to the fullest extent permitted by such law or laws, including any amendments thereto.

Any repeal or modification of the forgoing paragraph shall not adversely affect the right or protection of a Director of the Corporation existing at the time of such repeal or modification. The Corporation shall have all powers set forth in Idaho Code Section 30-3-88 or any revised or successor statute.

ARTICLE VIII DISSOLUTION

In the event of dissolution, liquidation or winding up of the Corporation, after paying off or adequately providing for the debts and obligation of the Corporation, the Directors or persons in charge of the liquidation shall distribute any remaining assets, properties and/or money to such

public entity or nonprofit organization with similar purposes of the Corporation in a manner consistent with the purposes of the Corporation.

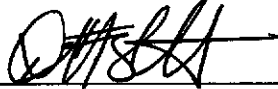
ARTICLE IX
DEFINITION OF TERMS

All terms set forth or otherwise utilized within these Articles of Incorporation shall be defined according to those express definitions set forth in Article I of the Declaration.

ARTICLE X
AMENDMENT OF ARTICLES

These Articles shall be amended only by the vote or willing assent of at least two-thirds (2/3) of the membership; provided, 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. Any amendment shall not be inconsistent with Idaho law.

For the purposes of forming this Corporation under the laws of the State of Idaho, the undersigned, constituting the incorporator of the Corporation, has executed these Articles of Incorporation on the 25th day of August, 2010.



DANIEL F. STUBBS
"Incorporator"

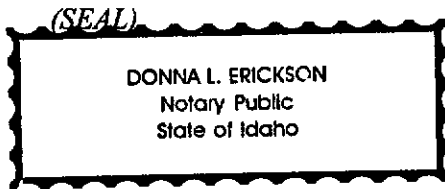
STATE OF IDAHO)

SS.

County of Kootenai)

On this 25th day of August, 2010, before me, a notary public, personally appeared **DANIEL F. STUBBS**, to me known to be the individual described in and who executed the foregoing instrument and acknowledged that he signed and sealed the same as his own free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first written above.



Donna Erickson
Notary Public in and for the State of Idaho
Residing At: Coeur d'Alene
My Commission Expires: 2/24/2012