

ARTICLES OF MERGER

Merging

KHOT, LLC,
an Idaho limited liability company
d/b/a Thornton, Oliver, Keller Residential

with and into

GROUP ONE, INC.
an Idaho corporation

DEC 1 3 52 PM '00
SECRETARY OF STATE
STATE OF IDAHO

00 DEC - 5 PM '00
SECRETARY OF STATE
STATE OF IDAHO

FILED/EFFECTIVE

In accordance with section 30-1-1105 of the Idaho Business Corporation Act and section 53-663 of the Idaho Limited Liability Company Act, Group One, Inc., an Idaho corporation, and KHOT, LLC, an Idaho limited liability company, d/b/a Thornton, Oliver, Keller Residential Real Estate, hereby file these Articles of Merger with the Office of the Secretary of State of the State of Idaho and certifies as follows:

1. **Names/Jurisdiction of Formation.** The constituent companies (the "Constituent Companies") in the merger (the "Merger") and the jurisdictions in which they were formed are as follows:

| <u>Name of Constituent Company</u> | <u>Jurisdiction of Formation</u> |
|---|----------------------------------|
| KHOT, LLC, d/b/a Thornton, Oliver, Keller Residential Real Estate ("TOK") | Idaho |
| Group One, Inc., ("Group One") | Idaho |

2. **Plan of Merger.** A Plan of Merger dated as of December 1, 2000 (the "Plan of Merger") has been approved, adopted, and executed by each of the Constituent Companies in accordance with section 30-1-1103 of the Idaho Business Corporation Act (the "IBCA"), and section 53-662 of the Idaho Limited Liability Company Act (the "ILLCA"), as applicable. The Merger Plan is attached hereto as Exhibit A and is incorporated herein by this reference.

3. **Surviving Entity.** Pursuant to the Plan of Merger, TOK is being merged with and into Group One (the "Merger"), with Group One being the surviving entity ("Surviving Entity") in the Merger.

IDAHO SECRETARY OF STATE

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4. **Shareholder & Member Approval.** Approval of the Plan of Merger was required by the shareholders of Group One pursuant to section 30-1-1103 of the IBCA, and the member of TOK pursuant to section 53-662 of the ILLCA.

4.1 Group One.

- (a) 200,000 shares of Common Stock were outstanding and entitled to vote on the Plan of Merger.
- (b) 200,000 shares of Common Stock, constituting 100% of the outstanding shares entitled to vote on the Plan of Merger, voted the Plan of Merger and 0 shares abstained or voted against the Plan of Merger.

4.2 TOK.

- (a) 100% of the outstanding membership interest were entitled to vote on the Plan of Merger
- (a) 100% of the outstanding membership interests entitled to entitled to vote on the Plan of Merger, voted for the Plan of Merger and 0 shares abstained or voted against the Plan of Merger.

5. The executed Merger Plan is on file at the office of Group One located at 1555 Shoreline Drive, Boise, Idaho, 83702 which is also the Surviving Entity's mailing address.

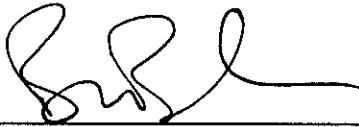
6. A copy of the Merger Plan will be furnished by Group One upon request and without cost to any member or shareholders of TOK or Group One, respectively.

7. The Merger shall become effective at 12:00 p.m. on December 1, 2000.

* * *

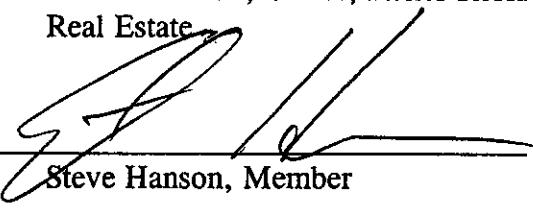
IN WITNESS WHEREOF, Group One, Inc., and KHOT, LLC, an Idaho limited liability company, d/b/a Thornton, Oliver, Keller Residential Real Estate have caused these Articles of Merger to be executed by its duly authorized officer this 1st day of December, 2000.

GROUP ONE, INC., an Idaho corporation

By: 

Bradley W. Barker, President

**KHOT, LLC, an Idaho limited liability company
d/b/a Thornton, Oliver, Keller Residential
Real Estate**

By: 

Steve Hanson, Member

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Merger Agreement") is made as of December 1, 2000, by and between KHOT, LLC, an Idaho limited liability company d/b/a Thornton Oliver Keller Residential ("TOK"); and Steve Hanson, an individual residing in the State of Idaho (the "TOK Member"); on the one hand, and Group One, Inc., an Idaho corporation ("Group One"); Sally J. Howard, an individual residing in the State of Idaho ("Howard"), and Bradley W. Barker, an individual residing in the State of Idaho ("Barker" and together with Howard, the "Group One Shareholders"); on the other. TOK and Group One are sometimes referred to as the "Constituent Entities."

RECITALS

A. TOK is a member-managed limited liability company, organized and existing under the laws of the State of Idaho. TOK operates a residential real estate business in Ada County, Idaho.

B. Hanson owns 100% of the outstanding membership interests in TOK.

C. Group One is an Idaho corporation whose sole shareholders are Barker and Howard. Group One operates a residential real estate business in Ada County, Idaho.

D. The TOK Member and directors of the Constituent Entities deem it advisable and to the advantage of said entities that TOK merge with and into Group One upon the terms and conditions herein provided.

The parties agree as follows:

AGREEMENT

1. Merger; Effective Time.

1.1 Merger. Upon the terms and subject to the conditions of this Agreement, at the Effective Time (as defined in Section 1.2, below) TOK shall be merged with and into Group One (the "Merger") and the separate existence of TOK shall thereupon cease. Group One shall be the surviving entity in the Merger (sometimes referred to herein as the "Surviving Entity") and shall continue its corporate existence under the laws of the State of Idaho from and after the Effective Time.

1.2 Effective Time. The Merger shall become effective (the "Effective Time") at 12:01 a.m. on December 1, 2000, or such later time as the Articles of Merger consummating

the Merger are filed with and accepted by the Secretary of State of the State of Idaho (the "Merger Filing") in accordance with the Idaho Business Corporations Act (the "Act").

2. Charter Documents, Directors and Officers

2.1 Articles of Incorporation and Bylaws. The Articles of Incorporation and Bylaws of Group One in effect immediately prior to the Effective Time shall be the Articles of Incorporation and Bylaws of the Surviving Entity.

2.2 Directors. At and after the Effective Time, the following persons shall be the directors of the Surviving Entity to serve until the expiration of their terms and until their successors are elected and qualified:

Bradley W. Barker
Steven Hanson
Sally J. Howard

2.3 Officers. At and after the Effective Time, the following people shall serve in the office opposite their names as officers of the Surviving Entity to serve until their successors are appointed by the Board of Directors:

| | |
|-------------------|---------------------------|
| Bradley W. Barker | President |
| Steven Hanson | Vice President |
| Sally J. Howard | Vice President, Secretary |

3. Conversion of Membership Interests and Shares; Closing.

3.1 Conversion. At the Effective Time, 100% of the membership interests in TOK then outstanding and all rights in respect thereof shall be converted into, and become exchanged for 100,000 shares of common stock of Group One (the "Merger Consideration"). Each share of common stock of Group One that is issued and outstanding immediately prior to the Effective Time shall continue to be an issued and outstanding share of common stock of Group One. **Schedule 3.1** sets forth the membership/share ownership of the respective Constituent Entities prior to the Merger and of the Surviving Entity after taking into effect the Merger.

3.2 Certificates for Shares. Each certificate that, prior to the Effective Time, represented shares of common stock of Group One, from and after the Effective Time, shall continue to represent shares of common stock of Group One as set forth in Section 3.1. Each certificate that, prior to the Effective Time, represented a membership interest of TOK, from and after the Effective Time, shall be canceled and shall no longer represent membership interests of TOK. Each such certificate must be tendered to Group One on or before Closing. At Closing, a certificate shall be issued by Group One in the name of the TOK member whose membership interest is to be converted into shares of common stock of Group One.

3.2 Closing. Unless this Agreement is earlier terminated pursuant to Section 11, or another place or time is agreed to by the parties, the closing of the Merger (the "Closing") will take place December 1, 2000 at 10:00 a.m. (the "Closing Date") at the offices of Stoel Rives LLP, 101 South Capitol Boulevard, Suite 1900, Boise, Idaho 83702.

3.4 Closing Deliveries. At Closing, TOK and TOK Member shall deliver to Group One and Group One Shareholders those items listed on **Schedule 3.4(a)** and Group One and Group One Shareholders shall deliver to TOK and TOK Member those items listed on **Schedule 3.4(b)**.

4. Termination; Amendment; Waiver.

4.1 Termination. This Agreement may, by notice given prior to or at the Closing, be terminated:

(a) by either TOK or Group One if a material breach of any provision of this Agreement has been committed by the other party and such breach has not been waived or cured within twenty (20) days after written notice of such breach by the other party;

(b) by TOK if satisfaction of any of conditions to the obligations of TOK and the TOK Member to effect the Merger is or becomes impossible (other than through the failure of TOK to comply with its obligations under this Agreement) and TOK has not waived such condition on or before the Closing Date; or (iii) by Group One, if satisfaction of any of the conditions to the obligations of Group One and Group One Shareholders to effect the Merger is or becomes impossible (other than through the failure of Group One to comply with its obligations under this Agreement) and Group One has not waived such condition on or before the Closing Date; or

(c) by mutual written consent of TOK and Group One.

4.2 Effect of Termination; Remedies. Termination of this Agreement under Section 4 shall automatically and irrevocably terminate all liabilities and obligations of the terminating party arising under this Agreement; all rights of the terminating party arising under this Agreement, and all liabilities and obligations of the other party or parties hereto, shall survive any such termination. Notwithstanding the foregoing, any failure on the part of a party to close this transaction as herein agreed shall enable the non-defaulting party to terminate this Agreement and all of the rights granted to the defaulting party. In such event the defaulting party shall pay to the non-defaulting party the sum of \$50,000 as liquidated damages, the parties hereto agreeing that the non-defaulting party's damages caused by such default would be difficult of determination and that the sum of \$50,000 represents a reasonable approximation thereof. Such rights shall be in limitation and exclusive of any remedies otherwise available to the non-defaulting party, including, without limitation, the right to specifically enforce this Agreement.

4.3 Amendment. This Agreement may be amended in writing, signed by each of the parties, in compliance with applicable Law.

4.4 Waivers. Each party, by written instrument, may extend the time for performance of any of the obligations or other acts of the other party, waive any inaccuracies of the representations and warranties of the other party, waive compliance with any of the covenants of the other party, or waive performance of any of the obligations or conditions of the other party set forth in this Agreement. Any such extension or waiver shall not be deemed to be continuing or to apply to any future obligation or requirement of any part hereto provided herein.

5. Miscellaneous Provisions.

5.1 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

5.2 Counterparts; Facsimile. This Agreement may be executed in any number of counterparts, and/or by facsimile, and each such counterpart and/or facsimile shall be deemed to be an original instrument, and all such counterparts and/or facsimile shall together constitute the same agreement.

5.3 Governing Law. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of Idaho.

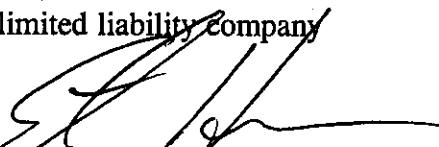
5.4 Legal Representation. The law firm of Stoel Rives, LLP has represented only Group One and not the Group One Shareholders, TOK or the TOK Member in the Merger and related negotiations.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

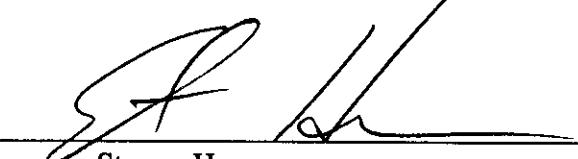
TOK:

KHOT, LLC,
an Idaho limited liability company

By: 

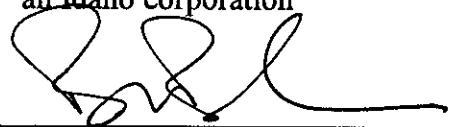
Steven Hanson, Member

TOK MEMBER:


Steven Hanson

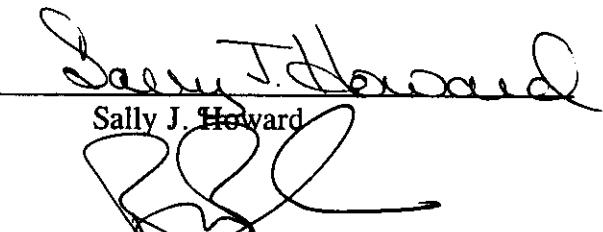
GROUP ONE:

GROUP ONE, INC.,
an Idaho corporation

By: 

Bradley W. Barker, President

GROUP ONE SHAREHOLDERS:


Sally J. Howard


Bradley W. Barker