

FILED EFFECTIVE

ORIGINAL

**ARTICLES OF INCORPORATION
OF
SUMMIT AT GRANITE RIDGE OWNERS ASSOCIATION, INC.
(an Idaho Nonprofit Corporation)**

July 21, 2004

The undersigned, acting as incorporator of a nonprofit corporation organized under and pursuant to the Idaho Nonprofit Corporation Act, as amended, hereby adopts the following Articles of Incorporation.

ARTICLE I

The name of the corporation (herein "association" or corporation") is THE SUMMIT AT GRANITE RIDGE OWNERS ASSOCIATION, INC., an Idaho Non-Profit Corporation.

ARTICLE II

The corporation is a nonprofit corporation.

ARTICLE III

The period of duration of the corporation is perpetual.

ARTICLE IV

The address of the initial registered office is 110 Wallace Avenue, Coeur d'Alene, Idaho, 83814, and the name of the initial registered agent at this address is Arthur M. Bistline.

ARTICLE V

This Association does not contemplate the distribution of gains, profits, or dividends to its Members. The specific primary purposes for which it is formed is to provide for the acquisition, construction, management, operation, administration, maintenance, repair,

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improvement, preservation, insurance, and architectural control of property within that certain subdivision in Bonner County, Idaho, commonly known as "The Summit at Granite Ridge" 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 those certain Protective Covenants For Summit at Granite Ridge (herein "covenants") recorded or to be recorded with respect to said property in the Office of the Recorder of Bonner County, including as amended from time to time.

In furtherance of said purposes, and subject to the approval of the Members, this Association shall have power to:

Perform all of the duties and obligations of the Association as set forth in the covenants;

Fix, levy, collect and enforce assessments and fines as set forth in the covenants, and as may be deemed necessary and reasonable by the Association;

Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges or levies imposed against the Association property;

Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public and/or Association use or otherwise dispose of real or personal property in connection with the affairs of the Association;

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;

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 agreed to by the Members;

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.

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 VI

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.

Membership. The total number of Memberships shall equal the total number of lots. The Owner of a Lot shall automatically, if an existing dwelling unit, as that term is defined in the Protective Covenants for Summit at Granite Ridge, exists upon the lot, be a Member of the Association, and shall remain a Member thereof until such time as his/her ownership ceases for any reason, at which time his/her Membership in the Association shall automatically cease.

Membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Association.

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/her name to the purchaser of his/her 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.

One Class of Membership: Voting Right. The Association shall have one (1) class of voting Membership, with one (1) vote being attributable to each Lot on all matters submitted to the Association Membership for vote.

Voting Requirements. Except where otherwise expressly provided in the covenants, these Articles of Incorporation, or the Bylaws, any action by the Association which must have the approval of the Association Membership before being undertaken, shall require the vote or written assent of the prescribed percentage of a quorum of the total voting power of the Association.

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 VII

The affairs of the corporation shall be managed by its Board of Directors. The number of Directors serving on the Board of Directors shall be fixed in accordance with corporation's Bylaws, but shall not be less than five (5) following the initial directors' meeting. Other than the Directors constituting the initial Board of Directors, who are designated in these Articles, the Directors shall be elected by the members of the corporation in the manner and for the term provided in the Bylaws of the corporation.

The names and street addresses of the persons constituting the initial Board of Directors are:

NAME

ADDRESS

Sean Hefley

Post Office Box 521, Sandpoint, Idaho 83864

Jeff Mathews

179 39G Road, Sagle, Idaho 83860

Michelle Hefley

Post Office Box 521, Sandpoint, Idaho 83864

ARTICLE VIII

An officer or manager of the Association shall not be personally liable to the Association for monetary damages arising from any conduct, except for liability arising from (i) acts or omissions involving intentional misconduct or a knowing violation of law by the officer or manager; or (ii) any transaction from which the officer or manager will personally receive a benefit of money, property, or services to which the officer or manager is not legally entitled.

The Association has the power to indemnify, and to purchase and maintain insurance for, its managers, officers, trustees, employees, and other persons and agents. Without limiting the generality of the foregoing, the Association shall indemnify its officers or managers against all

liability, damages, and costs or expenses (including attorney 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 IX

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.

ARTICLE X

The name and street address of the incorporator is Arthur M. Bistline, 110 Wallace Avenue, Coeur d'Alene, Idaho, 83814.

ARTICLE XI

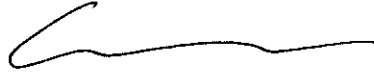
Provisions for the regulation of the internal affairs of the corporation shall be set forth in the Bylaws.

ARTICLE XII

The By-Laws of the Corporation shall specifically require the following, in addition to whatever requirements the Board of Directors may require, that any change to the Vision Statement for the Summit at Granite Ridge and the Approved Design Guidelines be approved by all members of the Summit at Granite Ridge Owners Association, and are not effective until recorded, and that any approval for new construction or modification of new construction as set forth in the Protective Covenants for Summit at Granite Ridge shall require the approval of four

(4) of the five (5) members of the Board of Directors. All other powers of the board may be exercised in any manner established by the board of directors and set forth in the By-Laws.

DATED this _____ day of July, 2004.



Print Name: Arthur Bistine
Incorporator