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SECRETARY
STATE OF
IDAHO

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FILED EFFECTIVE

ARTICLES OF INCORPORATION
OF
CEDAR RIDGE TOWNHOMES II CONDOMINIUM ASSOCIATION, INC.
An Idaho Nonprofit Corporation

In compliance with the provisions of the Idaho Non-Profit Corporation Act, Idaho Code § 30-3-1 et seq., the undersigned hereby forms a corporation not for profit and certifies:

ARTICLE I - NAME

The name of the corporation is CEDAR RIDGE TOWNHOMES II CONDOMINIUM ASSOCIATION INC. (the "Association"), an Idaho non-profit corporation.

ARTICLE II - PRINCIPAL OFFICE

The principal office of the Association shall be 202 So. First Sandpoint, ID. or such place in Bonner County, Idaho, as the Board of Directors of the Association shall specify from time to time.

ARTICLE III - PURPOSE

Forthwith upon the creation of the Association the undersigned is creating a condominium under the provisions of Chapter 225, Laws of 1965, of the State of Idaho, being compiled as Idaho Code 55-1501 et seq. (the "Condominium Property Act"), of the property described in Exhibit "A" attached hereto. The purposes for which the Association is formed are to be and act as the unit owners association for the Condominium to provide for the maintenance, preservation, and architectural control of the property of the Condominium, and to promote the health, safety and welfare of the residents of the Condominium, and for these purposes to:

- a) exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in these Articles of Incorporation, and the Declaration and Bylaws of the Condominium (the "Articles", the "Declaration" and the "Bylaws", respectively);
- b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration, and pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association;
- c) acquire (by gift, purchase or otherwise) own, hold, improve, build upon, operate, maintain, convey, sell, lease, or otherwise dispose of real or personal property in connection with the affairs of the Association.

- d) borrow money to fulfill its purposes;
- e) administer and enforce terms, conditions, covenants, restrictions, and regulations upon, under and subject to which the Condominium or any part thereof may now or hereafter be used, and fix and provide any such terms, conditions, covenants, restrictions and regulations, and administer, enforce, alter, amend, change, add to, extend, waive, or terminate, in whole or in part, any of the same;
- f) provide the residents and unit owners of the Condominium with (i) normal utility services not separately provided to individual units, (ii) services supplemental to municipal services, and (iii) common areas and facilities maintenance service;
- g) be, function and act as the unit owners association of the Condominium, under the provisions of the Condominium Property Act, and delegate such authority as it desires to a managing agent;
- h) have and exercise any and all powers, rights, and privileges which a corporation organized under Idaho Code 30-3-1 et seq. may now or hereafter have or exercise by law;
- i) take any action necessary, expedient, incidental, appropriate or convenient to the carrying out of the foregoing purposes. The Association shall not do any act or enter into any agreement or enter into any transaction in a manner which would violate any provision of the Condominium Property Act or the provisions of these Articles, the Declaration, or the Bylaws.

ARTICLE IV - MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee simple interest in a unit shall be member of the Association, and is herein called a "unit owner". The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of a unit, and transfer of a unit shall automatically transfer membership to the transferee. Voting rights of members shall be as set forth in the Declaration and Bylaws.

ARTICLE V - INITIAL DIRECTORS

The names and addresses of the persons who are initially to act in the capacity of directors, until the selection of their successors, as provided in the Declaration and Bylaws, are:

Name: Don McCanlies Nancy McCanlies, Janice Goff
 Address: 202 S. First Street, Sandpoint, Idaho, 83864

The number, qualifications, manner and time of selection of successor directors, and their terms of office, shall be as set forth in the Declaration and Bylaws.

The Board of Directors shall be and act as the managers of the Condominium and shall have all the powers and all the duties enumerated in the Condominium Property Act and Idaho Code 30-3-1 et seq., except as such powers may be limited or expanded by the provisions of these Articles, the Declaration, or the Bylaws.

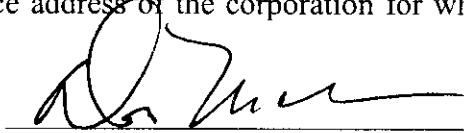
ARTICLE VI - REGISTERED AGENT

The name of the initial registered agent of the corporation is Don McCanlies. The registered office address, which is also the address of the registered agent is 202 S. First Street, Sandpoint, Idaho, 83864.

CONSENT TO APPOINTMENT AS REGISTERED AGENT

I, Don McCanlies, hereby consent to serve as registered agent, in the State of Idaho, for the corporation herein named. I understand that as agent for the corporation, it will be my responsibility to receive Service of Process in the name of the corporation, to forward all mail to the corporation; and to immediately notify the office of the Secretary of State in the event of my resignation or of any change in the registered office address of the corporation for which I am agent.

DATE: 12-09-05



ARTICLE VII - DISSOLUTION

In the event of the dissolution of the corporation, the net assets are to be distributed pro-rata to those persons who are members of the corporation at the time of dissolution as authorized by Idaho Code § 30-3-109(2), except as otherwise provided in the Declaration and Bylaws.

The Association may be dissolved only with the same consents as are required to terminate the Condominium regime, as provided in the Declaration.

ARTICLE VIII - INCORPORATION

The name and address of the incorporator is as follows:

Name: PIONEER PROPERTIES L.L.C.
Address: 202 S. First Street, Sandpoint, Idaho, 83864

ARTICLE IX - INDEMNIFICATION

(1) The Association shall indemnify every person who is or has been a director, officer, agent, or employee of the Association and those persons' respective heirs, legal representatives, successors, and assigns, against expenses, including attorneys, fees, and judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether in an action or proceeding by or in the right of the Association, or otherwise, in which such person was or is a party or is threatened to be made a party by reason of the fact that person was a director, officer, employee or agent of the Association, or is or was serving in such capacity at the request of the Association, provided that person (a) acted in good faith and in a manner that person believed to be in or not opposed to interests of the Association, and (b) in any matter the subject of a criminal action or proceeding, had no reasonable cause to believe the questioned conduct was unlawful, but provided that in the

case of any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor against any such person by reason of that person serving in such capacity, no indemnification shall be made in respect of any claim, issue, or matter to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the Association unless and only to the extent that the court in which such action was brought shall determine upon application that in view of all the circumstances of the case that person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

(2) Unless ordered by a court, the determination of indemnification, pursuant to the foregoing criteria, shall be made (a) by a majority vote of a quorum of the directors of the Association who were not and are not parties to or threatened with any such action, suit, or proceeding, or (b) if such a quorum is not obtainable, or if a majority of a quorum of disinterested directors so direct, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Association or any person to be indemnified within the past five years, or (c) by the unit owners, or (d) by the court in which such action, suit or proceeding was brought.

(3) Any such indemnification shall be not deemed exclusive of any other rights to which such person may be entitled under law, any agreement, or any insurance purchased by the Association, or by vote of unit owners, or otherwise.

ARTICLE X - DURATION

The Association shall exist so long as the condominium regime of the Condominium exists, and no longer.

ARTICLE XI - AMENDMENTS

The Articles may be amended only under the same terms and conditions, and with the same approvals, as are provided in the Declaration for its amendment.

DATED this 9 day of Dec., 2005.

PIONEER PROPERTIES, L.L.C.

By: Don McCanlies

Its: Member

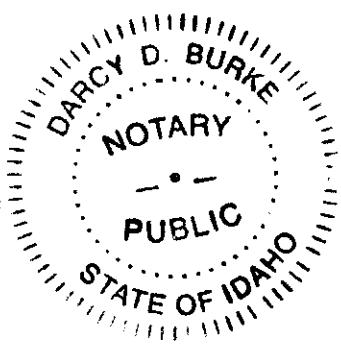
INCORPORATOR

STATE OF IDAHO)
: ss.
County of *Bonner*)

On this 9th day of December, 2005, before me, the undersigned, a Notary Public in and for the State of Idaho, duly commissioned and sworn, personally appeared DON McCANLIES to me known to be a Member of the PIONEER PROPERTIES L.L.C., the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal affixed the day and year first above written.

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Darcy D. Burke
Notary Public in and for the State of Idaho,
residing at Sandpoint
My Commission expires: 8/2/08