

FILED OFFICE

**ARTICLES OF INCORPORATION
OF
KNAPP HOMEOWNERS ASSOCIATION, INC.**

2004 JUL 22 7:52

CLERK OF STATE
SALT LAKE CITY, UTAH

The undersigned, acting as the incorporator of a nonprofit corporation ("Corporation") organized under and pursuant to the Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code ("Act"), adopt the following Articles of Incorporation ("Articles").

**ARTICLE I.
NAME**

The name of the Corporation is KNAPP HOMEOWNERS ASSOCIATION, INC.

**ARTICLE II.
NONPROFIT STATUS**

The Corporation is a nonprofit corporation.

**ARTICLE III.
PERIOD OF DURATION**

The period of duration of the Corporation is perpetual.

**ARTICLE IV.
REGISTERED OFFICE AND AGENT**

The location of this Corporation is in the City of Coeur d'Alene, County of Kootenai, and in the State of Idaho. The address of the initial registered office is PO Box 216, Hayden, Idaho 83835, and the name of the initial registered agent is Fred V. Leclair. Physical address 1717 E Bruce Rd Hayden ID 83835

**ARTICLE V.
PURPOSES**

This Corporation is not organized for profit and no part of gains or earnings shall inure to its members. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operations, administration, maintenance, repair, improvement, preservation, and architectural control of the Knapp Subdivision situated in Kootenai County, Idaho, to promote the health, safety and welfare of all property owners within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Corporation for such purposes.

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

- 5.1. Perform all of the duties and obligations of the Corporation as set forth in the Declaration;

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5.2. Fix, levy, collect and enforce assessments fees and fines as set forth in the Bylaws, in a fair and equitable fashion and secure the payment of assessments through liens upon real property in accordance with Idaho Code 30-308(A) or successor statute;

5.3. 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;

5.4. 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;

5.5. 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;

5.6. 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;

5.7. 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;

5.8. Litigate, mediate, arbitrate any and/or all corporate rights and obligations specified in law and/or by the Articles and Bylaws of the Corporation. 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 withdrawal 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 or officer of the Corporation, and such other rules and regulations as are not repugnant to the laws of the State of Idaho; and

5.9. To exercise all powers granted by law necessary and proper to carry out the foregoing purposes, including, but not limited to, the power to accept donations of money, property, whether real or personal, or any other things of value. Nothing herein contained shall be deemed to authorize or permit the Corporation to carry on any business for profit, to exercise any power, or to do any act that a corporation formed under the Act, or any amendment thereto or substitute therefore, may not at that time lawfully carry on or do.

ARTICLE VI. LIMITATIONS

No part of the net earnings or the assets of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article V hereof. No substantial part of the activities of the Corporation shall be for the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provisions of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from

federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time.

ARTICLE VII. MEMBERS AND MEMBERSHIP

7.1. 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.

7.2. Membership. The Owner of a lot in the Knapp Subdivision shall automatically, upon becoming an owner, be a member of the Corporation, 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 Corporation shall automatically cease or in the event membership is suspended or terminated. Membership shall be in accordance with these Articles and the Bylaws of the Corporation.

7.3. Transferred Membership. Membership in the Corporation shall not be transferred, pledged or alienated in any way, except upon the transfer of ownership of the lot in the Knapp Subdivision encumbered by 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 Corporation shall have the right and authority to transfer, purchaser and record the transfer upon the books; thereupon the old membership outstanding, in the name of the seller, be null and void.

7.4. Classes of Membership. The Corporation shall have two (2) classes of voting membership established according to the following provisions:

7.4.1. Class "A" Membership. Class "A" membership shall be that held by each owner of a lot in the subject subdivisions other than the Declarant, or its successors in interest with respect to the project (the "Declarant"). Each Class "A" member shall be entitled to one (1) vote for each lot owned. If a lot is owned by more than one person, each such person shall be a member of the Corporation, but there shall be no more than one (1) vote for each lot, multiple owners have joint rights and obligations.

7.4.2. Class "B" Membership. Class "B" membership shall be that held by the Declarant, or its successor in interest. Each Class "B" member shall be entitled to three (3) votes for each lot owned by Declarant; provided that Class "B" membership shall be converted to Class "A" membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

7.4.2.1. When the total outstanding voting power held by Class "A" members equals the total outstanding voting power (tripled as above) held by the Class "B" member; or

7.4.2.2. On the thirtieth (30th) anniversary of the recordation of the filing to these Articles.

7.4.3. Additional Classes of Membership. This Corporation may add additional classes of membership, through the lawful amending of the corporate Bylaws. Nothing in these Articles shall prohibit the institution of additional classes.

7.5. Voting Requirements. Except where otherwise expressly provided in these Articles or the Bylaws, any action by the Corporation which must have the approval of the Corporation membership before being undertaken, shall require the vote or written assent of the prescribed percentage of the total power (both classes combined) of the Corporation.

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

ARTICLE VIII. BOARD OF DIRECTORS

The affairs of this Corporation shall initially be managed by a Board of three (3) Directors, but may be converted to a larger number in accordance with the Bylaws. From the date of conversion from a three (3) Director Board, the election of Directors shall be divided into three (3) classes, of nearly equal number, with each class elected for a staggered three (3) year term. The Directors need not be members of the Corporation until conversion of Class "B" memberships to Class "A," after which time all Directors must be members of the Corporation. The number of Directors may be increased by amendment of the Bylaws of the Corporation. The names and addresses of the incorporators of the Corporation, who shall also act as the initial Directors of the Corporation until the selection of their successors, are:

<u>NAME</u>	<u>ADDRESS</u>
Fred V. Laclair	PO Box 2161 Hayden, ID 83835
Greg Snyder	PO Box 2161 Hayden, ID 83835
Ted Hansen	PO Box 2161 Hayden, ID 83835

ARTICLE IX. DISTRIBUTION ON DISSOLUTION

Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, distribute all the assets of the Corporation consistent with the purposes of the Corporation to such organization or organizations as shall at that time qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time, in such manner as the Board of Directors shall determine. Any such assets not so distributed shall be distributed by the district court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations, as such court shall determine to be consistent with the purposes of the Corporation.

ARTICLE X. INCORPORATOR

The name and street address of the incorporator is:

NAME
Steven C. Wetzel

ADDRESS
1322 W. Kathleen Avenue, Suite 2
Coeur d'Alene, ID 83815

**ARTICLE XI.
BYLAWS**

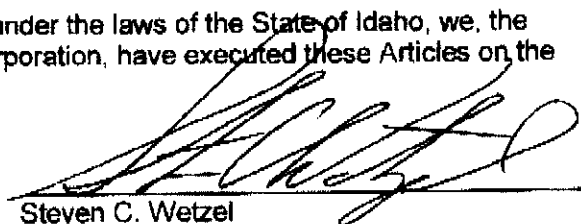
Provisions for the regulation of the internal affairs of the Corporation shall be set forth in the Bylaws.

The Board of Directors of the Corporation shall be authorized to amend the Corporation's Bylaws at a properly noticed special or regular meeting of the Board of Directors.

**ARTICLE XII.
AMENDMENT OF ARTICLES**

So long as Class "A" membership and Class "B" membership are still in effect, these Articles shall be amended only by the vote or written assent of at least two-thirds of a quorum of the voting power of each class membership. Following the conversion of Class "B" membership to Class "A" membership, these Articles shall be amended only by the vote or written assent of members representing at least two-thirds of a quorum of the total voting power of the corporation; 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.

For the purposes of forming this corporation under the laws of the State of Idaho, we, the undersigned, constituting the incorporation of this Corporation, have executed these Articles on the 22nd day of July 2004.


Steven C. Wetzel

* FLEETING Development, KNAPP ASSOCIATION, INC. ARTICLES-21-04-04