

FILED EFFECTIVE

**ARTICLES OF INCORPORATION
OF
MERCY PROPERTIES III, INC.**

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STATE OF IDAHO

The undersigned, in order to form a nonprofit corporation pursuant to the Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code ("Act"), hereby adopt the Articles of Incorporation as follows:

**ARTICLE I
NAME, OFFICE, AGENT**

- Section 1. The name of this Corporation shall be Mercy Properties III, Inc.
- Section 2. The address of the registered office of this Corporation is 1512 12th Avenue, Nampa, Idaho 83651, and the name of the Corporation's registered agent at such address is Christina Martell.

**ARTICLE II
PERIOD OF EXISTENCE**

This Corporation shall have perpetual existence.

**ARTICLE III
PURPOSES**

- Section 1. This corporation shall be organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended, exclusively to:
- (1) provide handicapped persons, low-income persons, elderly, homeless, potentially homeless, or otherwise disadvantaged persons with housing facilities and supportive services;
 - (2) conserve and preserve such facilities and the lands and buildings adjacent to them in their historical condition; and
 - (3) to serve as a general partner in limited partnerships which own and operate housing for the benefit of low income persons who are in need of affordable, decent, safe and sanitary housing and related services; and

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- (4) to otherwise contribute to the fulfillment of the purposes of Mercy Housing, Inc., a Nebraska not-for-profit corporation, which is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

This Corporation shall be operated exclusively for educational and charitable purposes and in a manner which is consistent with and supportive of the Mission and Philosophy of the Sponsor.

Section 2. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered.

Section 3. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and this Corporation shall not participate in, or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office.

ARTICLE IV POWERS

Section 1. This Corporation, in order to carry out its purposes, shall have the power to do any and all things as fully and to the same extent as natural persons could do, and this Corporation shall have such powers as may be necessary or incidental to the attainment of the purposes of this Corporation as set forth in Article III hereof.

Section 2. This Corporation is empowered to buy, own, sell, assign, mortgage, or lease any interest in real estate and personal property and to construct, maintain and operate improvements thereon necessary or incident to the accomplishment of the purposes set forth in Article III thereof.

Section 3. The enumeration of the powers hereinabove shall not be deemed a renunciation of any of the powers conferred in the Idaho Act for nonprofit corporations, charitable societies or religious associations, but rather all such powers shall be deemed fully vested in this Corporation as though hereinabove specifically enumerated.

ARTICLE V MEMBERSHIP

This Corporation shall have only two members ("Members") who are entitled to vote on matters relating to this Corporation, and those members shall be Mercy Housing, Inc., a Nebraska not-for-profit corporation, and The Sisters of Mercy of Omaha. The powers, duties and rights reserved to Members (whether jointly or separately) shall be identified in the Corporation's Bylaws.

ARTICLE VI BOARD OF DIRECTORS

Section 1. The affairs of this Corporation shall be managed by a Board of Directors..

Section 2. The initial Board of Directors and their addresses are:

Sr. Lillian Murphy	601 E. 18 th Avenue, Suite 150 Denver, CO 80203
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Patricia O'Roark	601 E. 18 th Avenue, Suite 150 Denver, CO 80203
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Chuck Wehrwein	601 E. 18 th Avenue, Suite 150 Denver, CO 80203
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Section 3. The number, qualifications, term, method of acting and method of appointment and removal of the Board of Directors shall be set forth in the Bylaws of the Corporation.

Section 4. Any Director may be removed either with or without cause at any time by action of the Members.

ARTICLE VII DISSOLUTION

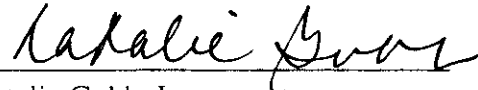
In the event that this Corporation shall be dissolved or wound up at any time, then all of the properties, monies, and assets of this Corporation remaining after provision has been made for payment of its known debts and liabilities as provided by law, shall be transferred exclusively to and become the property of Mercy Housing, Inc. or other entity that is designated by Mercy Housing, Inc. and is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. In the event that Mercy Housing, Inc. no longer exists, such properties, monies and assets of this Corporation shall be transferred exclusively to become the property of such nonprofit funds, foundations or corporations, organized and operated exclusively for charitable purposes, as are selected and designated by the Board of Directors and the Members of this Corporation; provided, however, that any such funds, foundations and/or corporations shall qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of the United

States as that Section has been or may subsequently be amended; provided further, however, prior to taking any action to permit or cause the voluntary dissolution of this Corporation, the Board of Directors shall obtain all approvals required of the Members.

ARTICLE VIII
REVISION OF ARTICLES OF INCORPORATION

These Articles of Incorporation may be amended upon receiving the affirmative vote of at least two-thirds of the Directors in office and the approval of the Members.

Adopted this 1st day of November, 2002.



Natalie Gubb, Incorporator
Gubb & Barshay LLP
50 California Street, Suite 3155
San Francisco, CA 94111

DECLARATION

I declare that I am the person who executed the forgoing Articles of Incorporation which execution is my act and my deed.

Date: November 1, 2002



Natalie Gubb, Incorporator