

**FILED EFFECTIVE**

**ARTICLES OF INCORPORATION  
OF  
COUGAR BAY ESTATES  
HOME OWNERS, INC.**

2002 JUL 25 PM 2:44  
 SECRETARY OF STATE  
 STATE OF IDAHO

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 COUGAR BAY ESTATES HOME OWNERS, 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, in the State of Idaho. The address of the initial registered office is 640 Thornton Street, Post Falls, ID 83877-2637, and the name of the initial registered agent is Steven C. Wetzel at 1322 Kathleen Avenue, Suite 2 in Coeur d'Alene, Idaho 83815.

**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 Cougar Bay Estates situated in Kootenai County, Idaho, to provide water and sewer service and 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, according to that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") recorded or to be recorded with respect to said property in the office of the County Recorder of Kootenai County, Idaho.

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In furtherance of said purposes, and subject to the approval of members as required by law, the Declaration, 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,
- 5.2. Fix, levy, collect and enforce assessments fees and fines as set forth in the Declaration or 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 and/or Declaration of Cougar Bay Estates Subdivision. 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 Cougar Bay Estates Subdivision and any addition annexed under the Declaration of Covenants, Conditions and Restrictions related thereto 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 subdivision encumbered by Cougar Bay Estates Declaration of Covenants, Conditions and Restrictions 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 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 seven (7) 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 Declarant has sold all lots owned in Cougar Bay Estates; or

**7.4.2.2.** On the thirtieth (30th) anniversary of the recording of the Declaration of Covenants, Conditions and Restrictions of Cougar Bay Estates Subdivision ("Declaration").

**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 the Declaration, 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:

**NAME**  
MICHAEL T. McCORMACK

**ADDRESS**  
640 Thornton Street  
Post Falls, ID 83877-2637

ROGER D. WING

2978 Baywoods Road  
Coeur d'Alene, ID 83814

STEVE SCHMAUTZ

11320 N Kathy Drive  
Spokane, WA 99218

