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7/15/02 15:01

**ARTICLES OF INCORPORATION
OF**

PRAIRIE MEADOWS HOMEOWNERS ASSOCIATION, INC.

KNOW ALL PERSONS BY THESE PRESENTS: That the undersigned, Prairie Meadows, LLC, a limited liability company organized under the laws of the State of Idaho in good standing, has this day formed this nonprofit organization without capital stock, under and pursuant to Title 30, Chapter 3 of the laws of the State of Idaho, and does with this make, acknowledge and declare the following to be the Articles of Incorporation.

ARTICLE ONE

The name of the corporation shall be:

Prairie Meadows Homeowners Association, Inc.

ARTICLE TWO

This corporation is a nonprofit corporation, and shall have no capital stock; and no dividends or pecuniary profits shall be declared to the members thereof. This corporation shall issue Membership Certificates to each member upon such terms and conditions as are prescribed in the Bylaws. Every person or entity who is a record Owner of any Lot within Phase I of that certain subdivision known as Prairie Meadows Subdivision or within the boundaries of that certain plat known and approved as Phase I of Prairie Meadows Subdivision by the City of Post Falls and located within the City of Post Falls, Kootenai County, Idaho shall be entitled to Membership and Voting Rights within the Association in accordance with its By-Laws, subject to the conditions for Membership set forth in Article Five hereof. Membership in said Association is appurtenant to, and inseparable from, ownership of the Lot.

ARTICLE THREE

The duration of this Association is perpetual. If the Association is hereafter dissolved, the assets of the Association shall be transferred and dedicated to a nonprofit organization with similar purposes which qualifies in accordance with Section 5.01(c)(3) of the Internal Revenue Code, or to a political subdivision of the State of Idaho or governmental agency of the United States of America which designated transferee shall be included and set forth in the Articles of Dissolution.

ARTICLE FOUR

The objects and purposes for which this corporation is formed are as follows:

1. To provide an entity by which the rights and obligations granted to the Prairie Meadows Homeowners Association may be administered;

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2. To maintain all amenities, common recreational facilities, common areas, structures, private roads, buildings or utilities transferred to and accepted by Prairie Meadows Homeowners Association, Inc. or required by the City of Post Falls to be maintained by the Association pursuant to that certain Master Development Agreement for Prairie Meadows Subdivision; and to operate and maintain any future amenities, facilities, common areas, structures, private roadways, buildings, and utilities which subsequently may be developed by or transferred to the Association.

3. To assume and fulfill the duties and obligations of the Homeowners Association referred to and intended to be established in accordance with that certain Declaration of Covenants, Conditions, Restrictions and Reservations of Easements relating to that certain subdivision known as Prairie Meadows Subdivision located within the City of Post Falls, Kootenai County, Idaho.

4. To enter into and execute such agreements with the City of Post Falls or any other political subdivision of the State of Idaho, or other public agency, which may be required of the Homeowners Association in accordance with the Master Development Agreement executed by the developer, the City of Post Falls or the Declaration of Covenants, Conditions, Restrictions and Reservations of Easements.

5. To undertake any such other purpose as deemed advisable or necessary by the Association in furtherance of the corporation, and to undertake any and all such other acts which may be permitted by law.

ARTICLE FIVE

The Membership rights and ownership of Lots shall be determined by the geographic boundaries and limited to the phases of that certain subdivision known and approved as Prairie Meadows Subdivision by the City of Post Falls and located with the City of Post Falls, Kootenai County, State of Idaho as of the date of incorporation.

Members of Prairie Meadows, LLC, are also the optionees of certain additional real property lying adjacent and contiguous to that certain real property commonly known as Prairie Meadows Subdivision - Phase I, and included in that certain subdivision known and approved as Prairie Meadows Subdivision by the City of Post Falls, Idaho. It is contemplated that the adjacent and contiguous properties will be developed as additional phases of Prairie Meadows Subdivision, and at the sole option of Prairie Meadows, LLC, its successors and assigns, the Owners of Lots located within said additional phases of Prairie Meadows Subdivision shall be included as members of the Association, subject to the following terms and conditions:

a. Additional memberships in the Association shall not exceed those Owners of Lots within the additional phases of the geographic boundaries of that certain Subdivision known and approved as Prairie Meadows Subdivision by the City of Post Falls, Idaho.

b. Inclusion of such Owners of Lots for membership in the Association shall be at the sole discretion of Prairie Meadows, LLC or its successors or assigns, and Prairie Meadows, LLC or its successors or assigns shall not be obligated to include such lots for membership.

c. If the Prairie Meadows, LLC or its successors or assigns chooses to include the Owners of Lots in any of the remaining phases of the subdivision known and approved as Prairie Meadows Subdivision by the City of Post Falls for membership in the Association, such inclusion shall be for the entire phase of construction according to the Subdivision known and approved as Prairie Meadows Subdivision by the City of Post Falls. In other words, Prairie Meadows, LLC or its successors or assigns must include all lots within said phase if any of said lots are to be included for membership in the Association.

d. Prairie Meadows, LLC or its successors or assigns shall provide written notice to the Association of Prairie Meadows, LLC's intention to include such Owners of Lots of additional phases of Prairie Meadows Subdivision as Members of the Association prior to the sale of any lot in any such additional phase of the Subdivision.

e. Prairie Meadows, LLC or its successors or assigns shall provide to the Association a copy of the approved plat of the lots for which Owners are to be included for Membership in the Association with the Owner's notice of its intention to include such lots.

f. Prairie Meadows, LLC or its successors or assigns shall, prior to the sale of any lot of any additional phase in which Owners of Lots are to be included as Members of the Association, properly record with the Office of the Recorder of Kootenai County, a Declaration of Covenants, Conditions, Restrictions and Reservations of Easements identical to those referred to hereinabove, excluding differences in the minimum size of Dwelling Units to be constructed.

g. Upon such notice to the Association, all Owners of Lots within the additional phase to be included shall become Members of the Association in accordance with the terms of these Declarations, and with all of the privileges, benefits, and obligations of membership, as though they had been originally included as Members, excepting, that any assessments or charges accruing to such membership shall not be retroactive.

h. All of the common areas of any phase subsequently included in accordance with the provisions hereof shall be owned and/or maintained by the Association in accordance with the terms of these Declarations, the documents of transfer, or as may be required by the City of Post Falls in accordance with the terms and conditions of that certain Master Development Agreement for Prairie Meadows Subdivision.

i. Prairie Meadows LLC's or its successors' or assigns', right to include the Owners of Lots within the additional phases of that certain subdivision known as and approved as Prairie Meadows Subdivision by the City of Post Falls, Idaho shall expire ten (10) years from the date of recording of that certain original Declarations of Covenants, Conditions, Restrictions and Reservations of Easements for Prairie Meadows Subdivision - Phase I.

No annexation of additional properties exceeding those included in the preliminary plat of Prairie Meadows Subdivision as preliminarily approved by the City of Post Falls, nor any merger or consolidation of this corporation with any other corporation or entity, nor any dissolution of the corporation or amendment of its Articles, nor any mortgage of the Common Areas of the corporation shall occur without the approval of the United States Department of Housing and Urban Development and the United States Veterans Administration so long as there exists any Class B Membership in accordance with the By-Laws of the corporation. In the event that the approval of the foregoing relevant agencies of the United States Government is required, such approval shall be in writing. No such approval shall be required upon the cessation of Class B Membership in accordance with the By-Laws.

ARTICLE SIX

The registered agent for the corporation shall be MICHAEL J. NEWELL.

ARTICLE SEVEN

The registered office of the corporation shall be 1100 East Lakeshore Drive, #102B, Coeur d'Alene, Idaho 83814.

ARTICLE EIGHT

The Board of Directors of this corporation is specifically authorized to fix the amount of assessments and charges to the member and to determine or implement the method of collection thereof, and to make such charges and assessments payable at such time or intervals and upon such notice and such methods that the Directors may so prescribe.

ARTICLE NINE

Bylaws which are not inconsistent with the Articles of Incorporation may be adopted, altered, amended, or repealed at any regular meeting of the members, or at any special meeting of the members of the corporation called for that purpose by the affirmative vote of a majority of the members present at such meetings; provided, however, a quorum, which shall be twenty-five percent (25%) of eligible votes, shall be present through members and proxy.

ARTICLE TEN

Amendment of these Articles of Incorporation shall require an affirmative vote of not less than two-thirds (2/3) of all of the Lot Owners of record. Any amendment of these Articles or the By-Laws of the corporation shall require the approval of the United States Department of Housing and the United States Veterans Administration as long as there is in existence any Class B Membership as set forth in the By-Laws of the corporation.

ARTICLE ELEVEN

The business of this Association shall be managed by a Board of Directors of not less than three (3) nor more than five (5) directors. The qualifications, terms of office, method of election, powers and duties of such directors shall be such as may be prescribed by law, these Articles and such Bylaws as may, from time to time, be enacted.

ARTICLE TWELVE

The following named persons shall serve as the Board of Directors until their successors are duly elected and qualified, to-wit:

Michael J. Newell
1100 East Lakeshore Drive, #102B
Coeur d'Alene, Idaho 83814

Jeff Wellmaker
808 South Bailey
Coeur d'Alene, Idaho 83814

Linda Newell
1100 East Lakeshore Drive, #102B
Coeur d'Alene, Idaho 83814


ARTICLE THIRTEEN

The name and address of the incorporator is as follows:

Prairie Meadows, LLC
c/o Michael J. Newell
1100 East Lakeshore Drive, #102B
Coeur d'Alene, Idaho 83814


IN WITNESS WHEREOF, I, the undersigned, being a managing member of Prairie Meadows, LLC, the incorporator hereinabove mentioned, hereunto set my hand and seal this 9th day of October, 2002.

PRAIRIE MEADOWS, LLC

By: 
MICHAEL J. NEWELL
Managing Member

STATE OF IDAHO
COUNTY OF KOOTENAI ^{SS}

On this 9 day of Oct, 2002, before me, a Notary Public in and for said State, personally appeared MICHAEL J. NEWELL, known or identified to me to be a Managing Member of Prairie Meadows, LLC, that he executed the within instrument on behalf of said company and acknowledged to me that such company executed the same.



Notary Public For: IDAHO
Residing at: POST FALLS
Commission Expires: 5-11-07

