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ARTICLES OF INCORPORATION

SECRETARY OF STATE
STATE OF IDAHO

OF

EXCELSIOR BEACH WATER ASSOCIATION, INC.

We, the undersigned, do hereby voluntarily associate ourselves together for the purpose of forming a non-profit corporation within the provisions of the Idaho Non-Profit Corporation Act, Idaho Code §30-3-1 et seq, as follows:

I.

NAME OF CORPORATION

The name of this corporation shall be and is **EXCELSIOR BEACH WATER ASSOCIATION, INC.**

II.

DURATION

The corporation shall have perpetual existence unless sooner dissolved by action of its members or pursuant to law.

III.

PURPOSE

The nature of the business of the corporation and the objects and purposes for which, or for any of which, this corporation is formed are:

(1) To associate its members together for mutual benefit and to that end to construct, maintain and operate a private water system for supplying of water; **IMMO SECRETARY OF STATE**

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(2) To acquire and hold all rights under water license granted from the State of Idaho, Number 4576, from water in an unnamed stream located in Section 6, Township 52 North, Range 4 West of Boise Meridian, in Kootenai County, Idaho;

(3) To distribute said water to members of this Association that are in good standing under its by-laws and who own real property in the plat of Excelsior Beach according to the plat thereof recorded in the Office of the County Recorder, Kootenai County, Idaho, as document number 34829;

(4) To constrict and maintain dams, gates and weirs in connection with said water rights and to own, install, maintain conduits, pipes and ducts from said dam to the said plat of Excelsior Beach and to the various lots as indicated on said plat;

(5) To acquire rights of way and easements for such pipes, ducts and conduits;

(6) To acquire real estate in fee or in any interest less than fee, including easements and leaseholds; to purchase, own or hold real or personal property as deemed necessary for the business of this Association;

(7) To enter into contracts in connection with the distribution of said water, maintenance of said dams, erection of equipment and installation of pipes;

(8) To contract indebtedness, to borrow money and generally to do any and all things necessary and proper for the performance of the corporate purposes and, in that connection, levy and assess and collect fees, charges and dues for memberships and for the actual cost of the transmission and delivery of water to members entitled thereto;

(9) To make rules and regulations in connection with the use of said water system and docks by its members;

(10) To, by contract or otherwise, impress a lien upon property of its members in the amount of such assessments or dues, or both and to enforce such lien by suit or action as necessary;

(11) To sue in courts or any state to enforce its rights as against its members or as against other persons; to sell real or personal property owned by the corporation under such rules as may be provided in its by-laws;

(12) To issue membership certificates and to provide for the assignment or transfer of such certificates, or to purchase, if necessary, upon the death, withdrawal or expulsion of a member his interest in the Association; and

(13) To have and exercise all powers, privileges and rights conferred upon corporations by the laws of the state of Idaho and all powers and rights incidental in carrying out the purposes for which this corporation is formed, except such as are inconsistent with the express provisions of the act under which this corporation is incorporated.

The foregoing shall be construed both as objects and powers, and the enumeration thereof shall not be held to limit or restrict in any manner the general powers conferred on this corporation by the laws of the state of Idaho, all of which are hereby expressly claimed.

IV.

LIMITATION ON MEMBERS

The private property of the members shall not be subject to payment of corporation debts. This provision is not intended to forbid any and all members from contracting to pay obligations of the corporation or from executing lien instruments which would mortgage their private property secures its obligations as a corporation.

V.

INITIAL REGISTERED AGENT AND OFFICE

The initial registered agent is Dudley R. Forster, Attorney at Law, the location of the initial registered agent is 250 Northwest Blvd., Suite 206, Coeur d'Alene, ID 83814.

IV.

MEMBERS

Section 1: This corporation shall not have capitol stock, but membership therein shall be evidenced by membership certificates.

Section 2: Under the terms and conditions prescribed in its By-laws, this corporation shall admit as members only such persons who own real property in the plat of Excelsior Beach according to the plat recorded thereof in the office of the County Recorder in Kootenai County, Idaho, as document no. 34829, and who are having water supplied to them for domestic purposes from the water system constructed, maintained and operated by this corporation.

Section 3: The membership fee in this corporation shall be fixed and determined by its By-laws. The voting power, property rights and interest of member whose fees are fully paid, and who is in good standing, shall have equal rights and each member shall be entitled to one vote only. Voting may be by proxy. New members, upon their admission in this corporation, shall be entitled to one vote and to share in the property of the corporation equally with old members. When a member has paid the membership fee in full, the member shall receive a certificate of membership which entitles the member to privileges and voting rights. Assessments against members and a determination of their liability shall be fixed by the By-laws of the corporation.

Section 4: This corporation is organized on a non-profit basis for the mutual benefit of its members and, consummately, will not have profits from which to pay dividends on its capital. After all expenses of the corporation have been paid and reasonable reserves, as determined by the Board of Directors, the net earning shall be retained and/or distributed pursuant to Idaho law including, but not limited to, Idaho Code § 30-3-109 and any successor provision.

V.

DIRECTORS

The initial number of directors this corporation shall be five (5). The names and post office addresses of the first directors of the corporation are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Fred Clodfelter	PO Box 728 Rathdrum, ID 83858-0728
Ron Johnson	E. 14818 22 nd Veradale, WA 99037
Dorothy Hansen	6210 E. 6 th Unit E4 Spokane, WA 99212
Barbara Bennett	2502 E. 58 th Lane Spokane, WA 99223
George Sullivan	19009 Little Spokane River Dr. Colbert, WA 99005

The first Board shall serve until the first annual meeting of the membership (as specified in the By-laws), and until their successors are duly elected and qualified. Any vacancy on the first Board shall be filled by a director appointed by a majority of the remaining directors on the first Board. After the first annual meeting of the membership has been held, the qualifications, numbers, terms of office and manner of election or appointment of directors shall be as specified in the By-laws.

VI.

LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by Idaho law as now or hereinafter in effect, a director of this corporation shall not be liable to this corporation or to its members for monetary damages for his or her conduct as a director. Any amendment to or repeal of this Article shall not adversely affect any

right of a director of this corporation hereunder with respect to any acts or admissions of such director occurring prior to such amendment or repeal.

VII.

INDEMNIFICATION OF DIRECTORS

To the fullest extent permitted by Idaho law as now or hereinafter in effect, this corporation is authorized to indemnify any director of this corporation. The Board of Directors shall be entitled to determine the terms of such indemnification, including advance of expenses, and to give effect thereto through the adoption of By-laws, approval of agreements, or by any other manner approved by the Board of Directors. Any amendment to or repeal of this Article shall not adversely effect any right of a director of this corporation hereunder with respect to any right to indemnification that arises prior to such amendment or repeal.

VIII.

DISTRIBUTION OF ASSETS

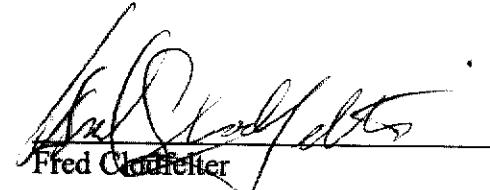
In the event of a distribution of assets of the corporation by virtue of a dissolution of the corporation, the corporation shall first pay all of its obligations, including the expenses of dissolution. Net assets remaining after payment of the debts and expenses shall be divided into as many shares as there are current members in good standing and each such current member in good standing shall receive each share upon receipt of all legally required approval of such distribution or planned distribution. Provided, however, there shall be no such distribution to members if such distribution would jeopardize the "Not-For-Profit" standing of this corporation under the tax laws or regulations of the United States or the State of Idaho. In the event such distribution to the members violates said laws or regulations or jeopardizes the not for profit status of the corporation, then in that event the assets shall be distributed to another not for profit corporation, a municipal corporation or to an appropriate political subdivision of the state of Idaho.

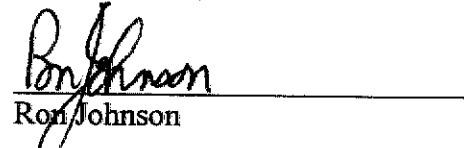
IX.

The names and post office addresses of each of the incorporators.

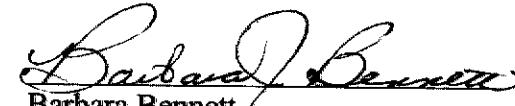
<u>NAME</u>	<u>ADDRESS</u>
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Barbara Bennett	PO Box 11024 2502 E. 58 th Spokane, WA 99241 23

IN WITNESS WHEREOF, we have hereunto set our hands in duplicate this _____ day of
_____, 199__.


Fred Clodfelter


Ron Johnson

Dorothy Hansen


Barbara Bennett