

State of Idaho

Department of State

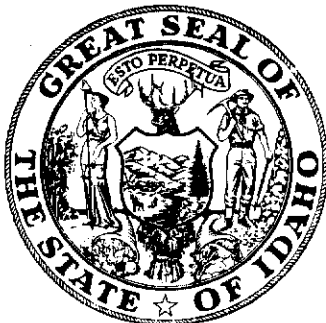
CERTIFICATE OF INCORPORATION OF

SANDERS THIRD ADDITION WATER ASSOCIATION, INC.
File number C 118011

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Incorporation for the incorporation of SANDERS THIRD ADDITION WATER ASSOCIATION, INC. duly signed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated: January 24, 1997



Pete T. Cenarrusa
SECRETARY OF STATE

By *[Signature]*

ORIGINAL

ARTICLES OF INCORPORATION
OF
SANDERS THIRD ADDITION WATER ASSOCIATION, INC.

JAN 24 0 37 AM '97
SECRETARY OF STATE
STATE OF IDAHO

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned natural persons of lawful age and citizens of the United States, for the purpose of forming a corporation pursuant to the provisions of the Idaho Business Corporation Act (Title 30, Idaho Code) do hereby certify as follows:

ARTICLE I.

The name of the corporation is SANDERS THIRD ADDITION WATER ASSOCIATION, INC., a non-profit corporation.

ARTICLE II.

The period of existence of this corporation shall be perpetual.

ARTICLE III.

The purposes and objects for which the corporation is organized include the transaction of any or all lawful business for which corporations may be incorporated under the Idaho Non Profit Business Corporation Act (Title 30, Idaho Code).

ARTICLE IV.

The business of the corporation shall be managed and conducted by a Board of Directors of not less than three (3) nor more than seven (7) directors. The Board of Directors shall be elected in the manner set forth in the Bylaws.

IDAHO SECRETARY OF STATE
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The Board of Directors shall have authority to issue bonds, debentures, or other obligations of the corporation from time to time for any of the objects or purposes of the corporation and to secure them by mortgage, deed of trust, or pledge of any or all of the real and personal property, rights, privileges, and franchises of the corporation wheresoever situated, acquired, and to be acquired, and to sell or otherwise dispose of any or all of such obligations in any manner and on such terms as the Board of Directors may deem proper.

ARTICLE V.

The corporation shall indemnify any and all persons who may serve or who have served at any time as directors or officers, or who at the request of the Board of Directors of the corporation may serve or at any time have served as directors or officers of another corporation in which the corporation at such time owned or may own shares of stock or of which it was or may be creditor, and their respective heirs, administrators, successors, and assigns, against any and all expenses, including amounts paid upon judgements, counsel fees, and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit, or proceeding in which they, or any of them, are made parties, or a party, or which may be asserted against them or any of them, by reason of being or having been directors or officers or a director or officer of the corporation, or of such other corporation, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in any action, suit, or proceeding to be liable for

his own negligence or misconduct in the performance of this duty, such indemnification shall be in addition to any other rights to which those indemnified may be entitled under any law, bylaw, agreement, or otherwise.

ARTICLE VI.

In addition to the powers and authority granted to the directors in the Articles of Incorporation, and in addition to the powers and authority expressly conferred upon them by statute, the Board of Directors of the corporation shall have additional powers and authority not inconsistent with the laws as may be set forth in the bylaws.

ARTICLE VII.

The corporation reserves the right to amend, add to, or repeal any provision contained in these Articles of Incorporation in the manner consistent with the law and in conformity with the provisions set forth in the bylaws.

ARTICLE VIII.

In the event of a corporate dissolution all assets held by the corporation shall be assigned to all current lot owners of SANDERS THIRD ADDITION WATER ASSOCIATION, INC. in accordance with the provisions not inconsistent with the laws regarding the distribution of assets on dissolution.

ARTICLE IX

The address of the initial registered office of the corporation is W. 7395 Sanders Drive, Coeur d'Alene, Idaho 83814.

The name of the corporation's initial registered agent at such address is Steve Lee.

ARTICLE X.

The corporate members shall consist of all individuals currently within the Sanders Rockford Bay Third Addition.

ARTICLE XI.

The number of directors constituting the initial Board of Directors is three (3).

The names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors be elected and qualified are:

Steve Lee
W. 7395 Sanders Drive
Coeur d'Alene, Idaho 83814

Richard McMaster
W. 7454 Sanders Drive
Coeur d'Alene, Idaho 83814

Allen Ingebritsen
W. 7380 Rockford Bay Road
Coeur d'Alene, Idaho 83814

The names and addresses of the all incorporators are:

Steve Lee
W. 7395 Sanders Drive
Coeur d'Alene, Idaho 83814

Richard McMaster
W. 7454 Sanders Drive
Coeur d'Alene, Idaho 83814

Allen Ingebritsen
W. 7380 Rockford Bay Road
Coeur d'Alene, Idaho 83814

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 1-16-97
day of January, 1997.



STEVE LEE, President



RICHARD McMASTER, Secretary

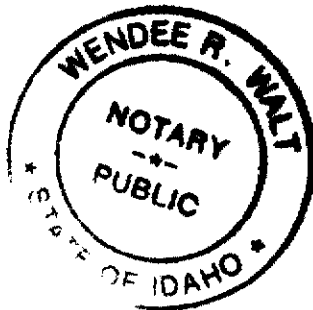



ALLEN INGEBRITSEN, Treasurer

STATE OF IDAHO)
) ss.
County of Kootenai)

On this 16 day of January, 1997, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared Steve Lee, Richard McMaster, and Allen Ingebritsen, known to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same, and that they were persons of lawful age and citizens of the United States of America.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.





NOTARY PUBLIC FOR IDAHO
Residing at: Hayden Lake
Commission Expires: 2001