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SECRETARY OF STATE
STATE OF IDAHO

ARTICLES OF INCORPORATION
of
ARTISTS VILLAGE CONDOMINIUM ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS that, PHILIP B. JONES, being over the age of eighteen (18) years, and for the purposes of forming a corporation under the Idaho Nonprofit Corporation Act, hereby certifies and adopts the following Articles of Incorporation:

ARTICLE I.
NAME

The name of the Corporation (hereinafter called the "Association") is ARTISTS VILLAGE CONDOMINIUM ASSOCIATION, INC., and it is a nonprofit corporation.

ARTICLE II.
DURATION

The Association shall exist perpetually.

ARTICLE III.
PURPOSES AND POWERS OF THE ASSOCIATION

This Association does not contemplate the distribution of gains, profits, or dividends to its Members. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation, insurance, and architectural control of Association property within that certain commercial condominium project located in the City of Coeur d'Alene, Kootenai County, Idaho, commonly known as "Artists Village Condominium" and to promote the health, safety and welfare of all owners and tenants using the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for such purpose, all 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 Recorder of Kootenai County.

In furtherance of said purposes, and subject to the approval of Members as required by the Declaration and the remaining Project Documents, this Association shall have power to:

- a. Perform all of the duties and obligations of the Association as set forth in the Declaration;
- b. Fix, levy, collect and enforce Assessments as set forth in the Declaration;
- c. Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Association property;

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d. 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 Association;

e. 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;

f. Dedicate, sell, transfer, or grant easements over all or any part of the subject property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members;

g. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional property to the property managed by the Association;

h. Have and exercise any and all powers, rights, and privileges which a corporation organized under the Nonprofit Corporation Act of the State of Idaho by law may now or hereafter have or exercise.

ARTICLE IV. **MEMBERS AND MEMBERSHIP**

Section 1. Non-stock Corporation. Participation in management and ownership of the Association shall be by membership only. The Association shall issue no stock and shall have no shareholders.

Section 2. Membership. The Owner of a Unit shall automatically, upon becoming an Owner, be a Member of the Association, and shall remain a Member thereof until such time as its ownership ceases for any reason, at which time its membership in the Association shall automatically cease. Membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Association.

Section 3. Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit 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 Unit should fail or refuse to transfer the membership registered in its name to the purchaser of its Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

Section 4. One Class of Membership. The Association shall have one class of voting membership, with each Unit, including Units owned by the Declarant identified in the Declaration, having a voting power proportionate to the undivided interest in the Common Area allocated to such Unit, as set forth in the Declaration.

Section 5. Voting Requirements. Except where otherwise expressly provided in the Declaration, these Articles of Incorporation, or the Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken, shall require the vote or written assent of the prescribed percentage of a quorum of the total voting power of the Association.

Section 6. Limitation of Payment to Dissenting Member. Membership in the Association is appurtenant to and cannot be segregated from ownership of a Unit within the jurisdiction of the Association. Except upon dissolution of the Association, a dissenting Member shall not be entitled to any return of any contribution or other interest in the Association.

ARTICLE V.
INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Association shall be at Coldwell Banker/Schneidmiller Realty, Inc., 2000 Northwest Blvd., Coeur d'Alene, Idaho 83814, and the registered agent at such address shall be John D. Beebe, Jr.

ARTICLE VI.
BOARD OF DIRECTORS; INCORPORATOR

The affairs of this Association shall initially be managed by a Board of three (3) Directors, who shall be Members of the Association, or agents of a corporate Member. The number of Directors may be changed by the amendment of the Bylaws of the Association. The names and addresses of the initial three (3) Directors of the Association until the selection of their successors, are:

<u>Name</u>	<u>Address</u>
Philip B. Jones	c/o K-I Partnership 7718 N. Panorama Drive Spokane, Washington 99208
John D. Beebe, Jr.	c/o Coldwell Banker/Schneidmiller Realty, Inc. 2000 Northwest Blvd. Coeur d'Alene, Idaho 83814
Richard V. McKernan	c/o Coldwell Banker/Schneidmiller Realty, Inc. 2000 Northwest Blvd. Coeur d'Alene, Idaho 83814

The name and address of the incorporator of this Association is as follows:

Name

Philip B. Jones

Address

c/o K-I Partnership
7718 N. Panorama Drive
Spokane, Washington 99208

**ARTICLE VII.
INDEMNIFICATION**

A Director of the Association shall not be personally liable to the Association for monetary damages arising from any conduct as a Director, except this limitation on liability shall not apply to (i) acts or omissions involving intentional misconduct by the Director or a knowing violation of law by the Director; or (ii) any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled. If the Idaho Business Corporation Act and/or the Idaho Nonprofit Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of corporate Directors, then the liability of a Director of this Association shall be eliminated or limited to the fullest extent permitted by such law or laws, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Association existing at the time of such repeal or modification.

The Association has the power to indemnify, and to purchase and maintain insurance for, its Directors, officers, trustees, employees, and other persons and agents. Without limiting the generality of the foregoing, the Association shall indemnify its Directors against all liability, damages, and costs or expenses (including attorneys fees) arising from or in any way connected with service for, employment by, or other affiliation with this Association to the maximum extent and under all circumstances permitted by law.

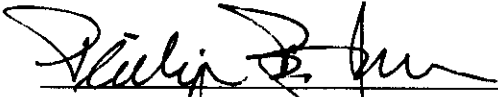
**ARTICLE VIII.
DISSOLUTION**

In the event of the dissolution, liquidation, or winding up of the Association, after paying or adequately providing for the debts and obligations of the Association, the Directors or person in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights thereto as established in the Declaration.

**ARTICLE IX.
AMENDMENT OF ARTICLES**

These Articles may be amended at any time and in any manner by the vote of sixty-seven percent (67%) of the total voting power of the Association, or by the unanimous consent of the Members; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision; and provided further, that any such amendment shall not be inconsistent with the law.

For the purpose of forming this Association under the laws of the State of Idaho, the undersigned, being the incorporator of this Association, has executed these Articles of Incorporation on MAY 17, 2004.

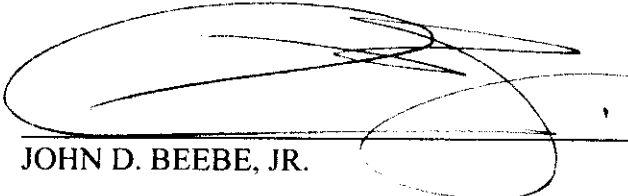


PHILIP B. JONES
ON BEHALF OF K-L PARTNERSHIP

CONSENT TO SERVE AS REGISTERED AGENT

I, JOHN D. BEEBE, JR., hereby consent to serve as registered agent in the State of Idaho, for the corporation known as ARTISTS VILLAGE CONDOMINIUM ASSOCIATION, INC. I understand that as agent for the Association, it will be my responsibility to receive service of process in the name of the Association; to forward all mail to the Association; and to immediately notify the office of the Secretary of State in the event of my resignation, or of any changes in the registered office address of the Association for which I am agent.

DATED: May 28, 2004.



JOHN D. BEEBE, JR.