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**ARTICLES OF INCORPORATION
OF
LAKE FOREST PROPERTY OWNERS, INC.**SECRETARY OF STATE
STATE OF IDAHO

KNOW ALL MEN BY THESE PRESENTS that MICHAEL P. FITZGERALD SR., MIKE FITZGERALD JR. and WILLIAM RADOBENKO, JR., being over the age of eighteen years, and for the purposes of forming a corporation under the Idaho Nonprofit Corporation Act, hereby certify and adopt, in duplicate, the following Articles of Incorporation.

**ARTICLE I
NAME**

The name of the corporation (hereinafter called "the Corporation") is LAKE FOREST PROPERTY OWNERS, INC.

**ARTICLE II
DURATION**

The duration of the Corporation shall be perpetual.

**ARTICLE III
PURPOSES AND POWERS**

The 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 the LAKE FOREST SUBDIVISION situated in Kootenai County, Idaho, 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 the 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. All definitions contained in the Declaration shall be applicable to these Articles and the Bylaws of this Corporation.

In furtherance of said purposes, and subject to the approval of members as may be required by law, the Declaration, or the By-Laws, the Corporation shall have power to:

- (a) Perform all of the duties and obligations of the corporation as set forth in the Declaration;
- (b) Fix, levy, collect, and enforce assessments and fines as set forth in the Declaration or By-Laws, in a fair and equitable fashion and secure the payment of assessments through liens upon real property as allowed under Idaho law;

IDAHO SECRETARY OF STATE

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(c) 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;

(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 corporation;

(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 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;

(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 corporation;

(h) Litigate, mediate, arbitrate any and/or all corporate rights and obligations specified in law and/or by the Articles and By-Laws of the corporation and/or Declaration of LAKE FOREST 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 withdraw 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

(i) Have and exercise any and all powers, rights, and privileges which a corporation organized under the Idaho Nonprofit Corporation Act law, which exists now or hereafter.

ARTICLE IV MEMBERS AND MEMBERSHIP

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.

2. Membership. The Owner of a Lot in LAKE FOREST SUBDIVISION and its additions shall automatically, upon becoming an Owner of any portion of the Property located in the LAKE FOREST SUBDIVISION of Coeur d'Alene, Kootenai County, Idaho and the additions thereto ('the Project'), 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 of Incorporation and the By-Laws of the corporation.

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 LAKE FOREST

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SUBDIVISION or its additions 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 to purchaser and to record the transfer upon the books; thereupon the old membership outstanding in the name of the seller shall be null and void.

4. Classes of Membership. The corporation shall have multiple classes of voting membership established according to the following provisions:

(a) Class "A" Membership. Class "A" membership shall be that held by each Owner of a Lot in LAKE FOREST SUBDIVISION other than the Declarant, or Declarant's successors in interest with respect to the project as a whole. 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.

(b) 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 to three (3) votes for each lot owned (lot shall mean each approved lot or unit, according to the final plat or plats of the property as defined in the Declaration most recently approved by Kootenai County which would be or is located on real property owned by the 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:

(1) When the total outstanding voting power held by Class "A" members equals the total outstanding voting power (tripled as above) held by the Class "B" member; or

(2) On the thirtieth (30th) anniversary of the recordation of the Declaration of Covenants, Conditions and Restrictions of LAKE FOREST SUBDIVISION ("Declaration").

(c) Additional Classes of Membership. If the Corporation desires to add additional classes of membership, it may do so through the corporate By-Laws. Nothing in these Articles shall prohibit the institution of additional classes.

5. Voting Requirements. Except where otherwise expressly provided in the Declaration, these Articles of Incorporation or the By-Laws, 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 (all classes combined) of the corporation.

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 and only consistent with Bylaws and Articles of the Corporation, a dissenting member shall not be entitled to any return of any contribution or other interest in the Corporation.

ARTICLE V
INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the corporation shall be 7560 N. Government Way, Suite 5, Dalton Gardens, ID 83815, and the name of its initial registered agent is: Michael P. Fitzgerald, Sr.

ARTICLE VI
BOARD OF DIRECTORS; INCORPORATORS

The affairs of the Corporation shall initially be managed by a Board of three (3) Directors, but may be converted to a larger number in accordance with the By-Laws. From the date of conversion, the election of directors may be divided into three (3) classes, of nearly equal number, with each class of directors elected for three (3) years. Until the expanded board exists, there is no requirement that the directors be members. After expansion of the board, all must be members of the corporation. The number of directors may be increased by amendment of the By-Laws of the corporation. The name and address of the incorporator of the corporation is:

Steven C. Wetzel 1322 Kathleen Ave, Suite 2, Coeur d'Alene, ID 83815

The names and addresses of the initial directors of the corporation until the selection of their successors, are:

<u>NAME</u>	<u>ADDRESS</u>
Michael P. Fitzgerald, Sr.	7560 N. Government Way, Suite 5, Dalton Gardens, ID 83815
Mike Fitzgerald, Jr.	7560 N. Government Way, Suite 5, Dalton Gardens, ID 83815
William Radobenko, Jr.	7500 Mulholland, Coeur d'Alene, ID 83815

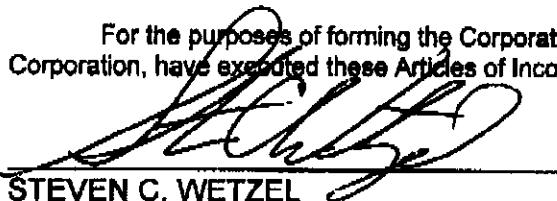
ARTICLE VII
DISSOLUTION

In the event of dissolution, liquidation, or winding up of the corporation, after paying of or adequately providing for the debts and obligations of the corporation, the directors or persons in charge of the liquidation shall distribute any remaining assets, properties, and/or money to such charity or charities as may be recognized under Section 170 of the United States Internal Revenue Code, the particular charity or charities to be determined by a majority vote of the members of the corporation at a meeting called for that purpose.

ARTICLE VIII
AMENDMENT OF ARTICLES

So long as Class "A" membership and Class "B" membership are still in effect, these Articles shall be amended only by the vote or written assent of at least two-thirds (2/3) of a quorum of the voting power of each class membership. Following the conversion of Class "B" membership to Class "A" membership, these Articles shall be amended only by the vote or written assent of members representing at least two-thirds (2/3) of a quorum of the total voting power of the corporation; 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.

For the purposes of forming the Corporation, the undersigned, constituting the incorporator of the Corporation, have executed these Articles of Incorporation on the 17th day of November, 2000.


STEVEN C. WETZEL