

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION OF

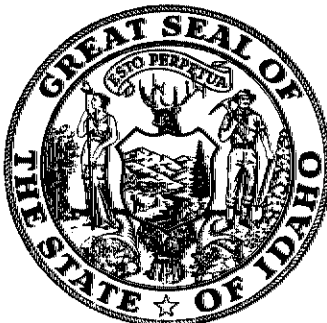
THE COTTAGES AT SPRING MOUNTAIN RANCH
HOMEOWNERS ASSOCIATION, INC.

File Number C 116159

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 THE COTTAGES AT SPRING MOUNTAIN RANCH HOMEOWNERS 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: August 21, 1996



Pete T. Cenarrusa
SECRETARY OF STATE

By *Shannon Breier*

ARTICLES OF INCORPORATION

OF

AUG 21 2 14 PM '96

THE COTTAGES AT SPRING MOUNTAIN RANCH
HOMEOWNERS ASSOCIATION, INC.

SECRETARY OF STATE
STATE OF IDAHO

KNOW ALL PERSONS BY THESE PRESENTS:

The undersigned, for the purpose of forming a non-profit corporation under the laws of the State of Idaho in compliance with the provisions of Title 30, Chapter 3, Idaho Code, does hereby certify, declare and adopt the following Articles of Incorporation:

ARTICLE I
NAME

The name of the corporation shall be the Cottages at Spring Mountain Ranch Homeowners Association, Inc., (hereinafter, the "Corporation").

ARTICLE II
TERM

The period of existence and duration of the life of this Corporation shall be perpetual.

ARTICLE III
NON-PROFIT

This Corporation shall be a non-profit, membership corporation.

ARTICLE IV
REGISTERED OFFICE AND AGENT

The location and street address of the initial registered office of this Corporation shall be 1101 W. River Street, P.O. Box 6887, Boise, Idaho 83706, and Michael B. Hormaechea is hereby appointed the initial registered agent of the Corporation.

IDAHO SECRETARY OF STATE
DATE 08/21/1996 0900 19943

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CK #: 14720 CUST# 1626

INC NONP

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ARTICLE V
PURPOSE AND POWERS OF THE CORPORATION

This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which the Corporation is formed are to provide for the maintenance and preservation of the Units and Cottage Local Common Area, and to provide for certain regulation of the use of the Units and Cottage Local Common Area located in the Spring Mountain Ranch Project as designated as such in the Fourth Supplement (Cottage Condominiums) to the Master Declaration of Covenants, Conditions and Restrictions for Spring Mountain Ranch as recorded in the official records of Ada County, Idaho (the "Cottage Supplement"), which Units and Cottage Local Common Area will be a portion of the Property covered by the Master Declaration of Covenants, Conditions and Restrictions recorded in the official records of Ada County, Idaho, as Instrument No. 211619 (the "Master Declaration"); and to promote the health, safety and welfare of the residents of the Cottages at Spring Mountain Ranch; and for this purpose to:

(A) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in the Master Declaration and the Cottage Supplement, as amended from time to time as therein provided, said Master Declaration and Cottage Supplement being incorporated herein as if set forth at length;

(B) Fix levy, collect and enforce payment by any lawful means of all charges or Assessments pursuant to the terms of the Master Declaration and the Cottage Supplement, and all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation;

(C) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation under the limitations imposed by the Master Declaration and the Cottage Supplement;

(D) 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 under the limitations imposed by the Master Declaration and the Cottage Supplement;

(E) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Cottage Local Common Area, provided that any such merger, consolidation or annexation shall comply with the requirements of the Master Declaration and the Cottage Supplement; and

(F) Have and exercise any and all powers, rights and privileges which a corporation organized under the Idaho Nonprofit Corporation Act may by law now or hereafter have or exercise, subject only to limitations contained in the Master Declaration and the Cottage Supplement and the amendments and supplements thereto.

ARTICLE VI **MEMBERSHIP**

Each Owner holding fee simple interest of record to a Unit which is a part of the Cottage Supplement Property and buyers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation, shall be a Member of the Corporation.

Membership shall be appurtenant to and may not be separated from ownership of any Unit within the Cottage Supplement Property.

ARTICLE VII **VOTING RIGHTS**

The Corporation shall have two (2) classes of voting memberships:

Class A Members. Owners other than Grantor shall be known as Class A members. Each Class A member shall be entitled to one vote per Unit.

Class B Member. The Cottage Grantor shall be known as the Class B Member, and shall be entitled to 175 votes (5 votes for each Unit owned by Cottage Grantor) less 5 votes for each Unit owned by someone other than Grantor. The Class B Member shall cease to be a voting Member in the Corporation at the earlier of: the Class B Member holds no more than twenty-five (25%) of the Units within the Cottage Property; or twenty (20) years from the date the first Unit within the Cottage Supplement Property was conveyed.

ARTICLE VIII **BOARD OF DIRECTORS**

The affairs of this Corporation shall be managed by the Cottage Board of no less than three (3) and no more than five (5) directors, who, other than the initial directors specified herein, shall be Members of the Corporation. The number of directors may be changed by amendment of the Cottage Bylaws, but in no event shall

the number be less than three (3). The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

Thomas E. Kalange P.O. Box 3239
Boise, ID 83703

Richard M. Hormaechea P.O. Box 6887
Boise, ID 83707

Michael B. Hormaechea P.O. Box 6887
Boise, ID 83707

ARTICLE IX **ASSESSMENTS**

Each Member shall be liable for the payment of Assessments provided for in the Master Declaration and the Cottage Supplement, as the case may be, and as set forth in the Cottage Bylaws.

ARTICLE X **BYLAWS**

The Cottage Bylaws may be altered, amended, or new Cottage Bylaws adopted at any regular meeting, or any special meeting of the Corporation called for that purpose, by the affirmative votes of more than fifty percent (50%) of the total voting power of the Corporation's Members. For the purpose of specifying in detail the rights, responsibilities, duties and obligations of the Cottage Board, the officers, employees and agents of the Corporation, and the Members for the payment of Assessments, the Cottage Bylaws may incorporate by reference the provisions of the Master Declaration and the Cottage Supplement.

ARTICLE XI **DISSOLUTION**

The Corporation may be dissolved at any regular meeting, or any special meeting of the Corporation called for that purpose, by the affirmative votes of no less than two-thirds (2/3) of the total voting power of the Corporation's Members. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the real property and other assets of the Corporation shall be: (i) dedicated to an appropriate public agency to be used for purposes similar to those for which the Corporation was created; or (ii) granted, conveyed and assigned to a non-profit corporation, association, trust or other organization to be devoted to such similar

purposes. Notwithstanding any other provisions of these Cottage Articles, the Corporation shall not carry on any other activities not permitted by any organization exempt from federal income tax under Section 528 of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States internal revenue law).

ARTICLE XII AMENDMENTS

Amendment of these Cottage Articles may be made at any regular meeting, or any special meeting of the Corporation called for that purpose, by the affirmative votes of more than two-thirds (2/3) of the total voting power of the Corporation's Members, and, if required by the Master Declaration or the Cottage Supplement, the consent of holders of First Mortgages on Unit(s) within the Cottage Supplement Property who have requested of the Corporation in writing to provide them notice of proposed action which affects their interests. No amendment which is inconsistent with the provisions of the Master Declaration or the Cottage Supplement shall be valid.

ARTICLE XIII MEANING OF TERMS

Except as otherwise defined herein, all terms appearing herein initially capitalized shall have the same meanings as are ascribed to such terms in the Master Declaration and the Cottage Supplement including, without limitation, "Assessments", "First Mortgage", "Member", "Cottage Articles", "Cottage Board", "Cottage Bylaws", "Cottage Grantor", "Cottage Local Common Area", "Owner", "Phase", "Property", "Supplemental Declaration" and "Unit".

ARTICLE XIV INCORPORATION

Michael B. Hormaechea, 1101 West River Street, P.O. Box 6887, Boise, Idaho 83706, shall be the incorporator of the Corporation.


IN WITNESS WHEREOF, I have hereunto set my hand and seal this ____ day of August, 1996.



Michael B. Hormaechea, Incorporator

Service of Process

The undersigned is initially designated and hereby acknowledges acceptance of such initial designation to receive service of process on behalf of the Cottages at Spring Mountain Ranch Homeowners Association, Inc., in any action relating to the Cottage Local Common Area; provided however, that the undersigned's duty to receive service of process in any action relating to the Cottage Local Common Area shall be transferred to any and all subsequently appointed registered agents listed in the Cottages at Spring Mountain Ranch Homeowners Association, Inc., annual report on file with the Idaho Secretary of State. All subsequently designated registered agents shall acknowledge their acceptance of said designation in a document filed with the Valley County auditor pursuant to Idaho Code § 55-1512.


Michael B. Hormaechea