

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION OF

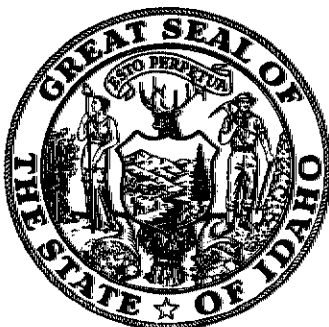
BEST HILL RANCH PROPERTY OWNERS, INC.

File number C 112309

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 BEST HILL RANCH PROPERTY OWNERS, 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: October 11, 1995



Pete T. Cenarrusa
SECRETARY OF STATE

By

[Signature]

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ARTICLES OF INCORPORATION

SECRETARY OF STATE
STATE OF IDAHO

OF

BEST HILL RANCH PROPERTY OWNERS, INC.

KNOW ALL MEN BY THESE PRESENTS that JOHN A. BUZA, 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 BEST HILL RANCH PROPERTY OWNERS, INC.

ARTICLE II. NONPROFIT STATUS

The Corporation is a nonprofit corporation.

ARTICLE III. DURATION

The duration of the Corporation shall be perpetual.

ARTICLE IV. INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Corporation shall be 1250 Ironwood Drive, Suite 336, Coeur d'Alene, Idaho, 83814, and the name of its initial registered agent is: Steven C. Wetzel.

ARTICLE V. 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

ARTICLES OF INCORPORATION OF
BEST HILL RANCH PROPERTY OWNERS, INC. - 1

IDAHO SECRETARY OF STATE

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provide for the acquisition, construction, management, operations, administration, maintenance, repair, improvement, preservation, and architectural control of the BEST HILL RANCH 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 required by law, the Declaration, or the Bylaws, 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 Bylaws, in a fair and equitable fashion and secure the payment of assessments through liens upon real property as allowed under Idaho law;
- (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 Bylaws of the Corporation and/or Declaration of BEST HILL RANCH. 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 VI. LIMITATIONS

No part of the net earnings or the assets of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article V hereof. No substantial part of the activities of the Corporation shall be for the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provisions of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time.

ARTICLE VII. 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 BEST HILL RANCH and its additions shall automatically, upon becoming an owner of real property located in the BEST HILL RANCH of 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 Bylaws 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 a lot in BEST HILL RANCH 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 the 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 BEST HILL RANCH other than the Declarant, or its successors in interest with respect to the Project (the "Declarant"). 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 BEST HILL RANCH ("Declaration").

(c) Additional Classes of Membership. If the Corporation desires to add additional classes of membership, it may do so through the corporate Bylaws. 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 Bylaws, 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. Upon dissolution of the Corporation, a dissenting member shall not be entitled to any return of any contribution or other interest in the Corporation.

ARTICLE VIII. BOARD OF DIRECTORS

The affairs of the Corporation shall initially be managed by a Board of two (2) Directors, but may be converted to a larger number in accordance with the Bylaws, upon conversion of Class "B" memberships to Class "A." The number of directors may be increased by amendment of the Bylaws of the Corporation. The names and addresses of the initial directors of the Corporation until the election of their successors, are:

<u>NAME</u>	<u>ADDRESS</u>
JOHN A. BUZA	2615 N. 4th Street Coeur d'Alene, Idaho 83814
MARK MICHALAK	2615 N. 4th Street Coeur d'Alene, Idaho 83814
DEBORAH B. MICHALAK	2615 N. 4th Street Coeur d'Alene, Idaho 83814

ARTICLE IX. DISTRIBUTION ON DISSOLUTION

Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, distribute all the assets of the Corporation consistent with the purposes of the Corporation to such organization or organizations as shall at that time qualify in such manner as the Board

of Directors shall determine; however, the corporate asset known as the Park located on Lot 4 of Block 1 of Pines Subdivision, as recorded in records of Kootenai County, must first be offered to the City of Coeur d'Alene at no charge. If the City refuses the contribution offer, then the Park may be contributed to another organization consistent with this Article. Any such assets not so distributed shall be distributed by the district court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations, as such court shall determine to be consistent with the purposes of the Corporation.

ARTICLE X. INCORPORATORS

The name and address of the incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
JOHN A. BUZA	2615 N. 4th Street Coeur d'Alene, Idaho 83814

ARTICLE XI. 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.

ARTICLE XII. BYLAWS

Provisions for the regulation of the internal affairs of the Corporation shall be set forth in the Bylaws. The Board of Directors of the Corporation shall be authorized to amend the Corporation's Bylaws at a properly noticed special or regular meeting of the Board of Directors.

For the purposes of forming the Corporation, we, the undersigned, constituting the incorporators of the Corporation, have executed these Articles of Incorporation on the 19 day of September, 1995.

John A. Buza
JOHN A. BUZA

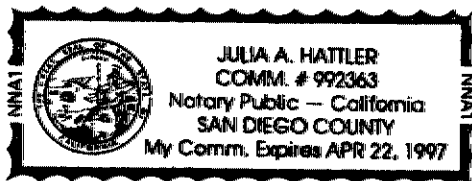
STATE OF ~~IDAHO~~ CALIFORNIA

) ss.

County of ~~Kootenai~~) SAN DIEGO

On this 19 day of SEPTEMBER, 1995, before me, the undersigned, a Notary in and for the State of ~~Idaho~~ CALIFORNIA, personally appeared JOHN A. BUZA, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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



Julia A. Hattler
Notary Public in and for the State of ~~Idaho~~ CALIFORNIA
Residing at 10333 BAYWOOD LANE
Commission Expires: APRIL 22, 1995

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