

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION OF

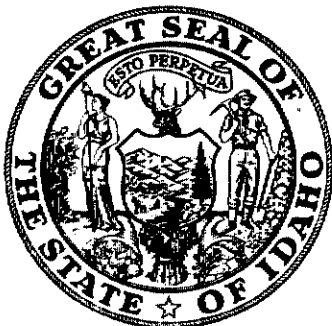
OLD HIGHWAY 95 WATER ASSOCIATION, INC.

File number C 111258

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 OLD HIGHWAY 95 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: July 5, 1995



Pete T. Cenarrusa
SECRETARY OF STATE

By *Anna Seibel*

JUL 5 10:07 AM '95
ARTICLES OF INCORPORATION
OF
SECRETARY OF STATE
OLD HIGHWAY 95 WATER ASSOCIATION, INC.
STATE OF IDAHO

KNOW ALL MEN BY THESE PRESENTS that RONALD WEBSTER, LERONA WEBSTER and PHIL HOOVER, all being over the age of eighteen (18) years of age, and for the purposes of forming a corporation under the Idaho Non-Profit Corporation Act, hereby certify and adopt, in duplicate, the following Articles of Incorporation:

ARTICLE I.

The name of the association incorporated herein is OLD HIGHWAY 95 WATER ASSOCIATION, INC. (hereinafter referred to as the "Association").

ARTICLE II.

This Association is organized pursuant to the Idaho Non-Profit Corporation Act and is a non-profit corporation pursuant to Idaho Code Section 30-3-1 et seq. The Association shall be a Water User's Association under Idaho Code Section 30-804 et seq.

The purpose for which this Association is organized is limited to only those necessary functions and services required to supply the Association's members with a continuous water supply at reasonable rates. To fulfill the Association's purpose, the Board of Directors of the Association may fix and collect assessments from the members upon such notice and by such methods as the Board of Directors may prescribe. Assessment may be secured by a lien upon a delinquent member's improved lot.

The Association shall also have all the general powers of a nonprofit corporation as provided by Idaho Code Section 30-3-24 (1995) and all subsequent revisions to said code section.

ARTICLE III.

The period of existence of this Association shall be perpetual.

IDAHO SECRETARY OF STATE
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CORPORATION NON PROFIT
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ARTICLE IV.

The location and street address of the registered office of the Association in the State of Idaho is 1044 Northwest Boulevard, Coeur d'Alene, ID 83814. The name of the registered agent at that address is EDWIN B. HOLMES.

ARTICLE V.

The names and addresses of the directors constituting the initial Board of Directors are as follows:

N A M E	A D D R E S S
RONALD WEBSTER	P O Box 2127 Coeur d'Alene ID 83816-2127
LERONA WEBSTER	P O Box 2127 Coeur d'Alene ID 83816-2127
PHIL HOOVER	P O Box 2127 Coeur d'Alene ID 83816-2127

ARTICLE VI.

The number of Directors constituting the initial Board of Directors shall be three (3).

ARTICLE VII.

The following provisions shall govern and define the membership of the Association:

- (a) Every person or entity who is a record owner of an improved lot served by the Association water system shall be a member of the Association.
- (b) Membership shall at all times be identified with the record owner, or owners, of the improved lot.
- (c) Membership shall be appurtenant to and may not be separated from ownership from any improved lot which is subject to assessment by the Association.
- (d) Said membership shall not be subject to the approval of the Association Board of Directors and/or its members.

- (e) No member who is the owner of an improved lot can be expelled from the Association.
- (f) Permanent cancellation or suspension of any member's voting right shall not be permitted.
- (g) The Association shall not place any restriction on the ownership of the improved lots serviced by the Association.

The foregoing membership provisions are not intended to include persons or entitles who hold an interest merely as security for the performance of an obligation.

ARTICLE VIII.

Neither the Directors, the officers, employees or members of the Association shall be personally liable for the acts, debts, liabilities or obligations of the Association. The Association shall further indemnify all officers, directors, employees, agents and members as provided for in Idaho Code Section 30-3-88 (1995) and any subsequent revisions thereto.

ARTICLE IX.

Each owner of an improved lot which is connected or has access to the Association water system shall be entitled to one (1) vote for each share owned and shall be a member of the Association. When more than one (1) person holds an interest in a share, all such persons shall be members of the Association. The vote for shares with more than one (1) owner shall be exercised as the share's owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to that one (1) share.

ARTICLE X.

This Association is intended to qualify as a Water Association under the applicable provisions of the Internal Revenue Code and the Idaho Code. This Association is one which does not contemplate pecuniary gain or profit to the members thereof and is organized

solely for non-profit purposes. All assessments collected by the Association shall only be disbursed for expenses incurred by the Association in connection with the supply of water to the association members, except for winding up and dissolution. In no event shall the net earnings, income or assets of the Association be distributed to, or inure to the benefit, of any member, director or officer of this Association, or other private individual, either directly or indirectly, except on winding up and dissolution.

Upon winding up and dissolution of this Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets may be distributed to a non-profit fund, foundation, or corporation which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

Notwithstanding the foregoing, without the approval of ONE HUNDRED PERCENT (100%) of the members, so long as there is any water system for which this Association is obligated to provide maintenance and upkeep:

- (a) The Association or any person or entity acting on its behalf shall not:
 - 1. Transfer all or substantially all of the Association's assets; and/or
 - 2. File a Certificate of Dissolution.
- (b) No court shall enter an order declaring the Association duly wound up and dissolved.

ARTICLE XI.

Notwithstanding any other provision of these Articles, this Association shall not carry on any other activities not permitted to be carried on by an organization exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Furthermore, this Association shall not carry on any other activity that may violate the U.S. Department of Housing and Urban Development's (HUD) guidelines for an approved property owners' association as

provided for in HUD Handbook 4075.12 Rev. (Central Water and Sewage Systems (Ownership and Organization)(August 1976 Edition, reprint 7/87)).

This Association does not contemplate the distribution of gains, profits or dividends to its members, and the specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, and preservation of the Association's property water system within the certain tract of property situated in Kootenai County, Idaho, and to promote the health, safety and welfare of all the residents within said system, and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose, all according to the Bylaws adopted by the Association.

These Articles of Incorporation may be amended pursuant to Idaho Code Sections 30-3-89 through 30-3-95 (1995); or any subsequent revisions thereto. Provided, however, that these Bylaws cannot be amended within one (1) year from the effective date of these articles of incorporation, if said amendment violates Chapter 2, Section 5(d) of the U.S. Department of Housing and Urban Development's Handbook 4075.12 Rev. (Central Water and Sewage System (Ownership and Organization)(August 1976, Reprint 7/87)).

For the purposes of forming this Association under the laws of the State of Idaho, we, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this 27th day of June, 1995.


RONALD WEBSTER


LERONA WEBSTER


PHIL HOOVER

STATE OF IDAHO)

ss.

County of Kootenai)

On this 27th day of June, 1995, before me, Kristine F. Hawley, a Notary Public for the State of Idaho, personally appeared RONALD WEBSTER, LERONA WEBSTER and PHIL HOOVER, known or identified to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same.

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


Notary Public for Idaho
Residing in: Post Falls
Commission Expires: 7/22/97