

State of Idaho

Department of State

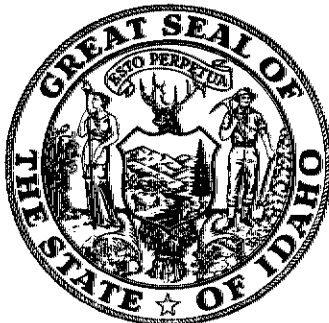
CERTIFICATE OF AMENDMENT OF

STEPPING STONES HOMEOWNERS ASSOCIATION, INC.
File Number C 78663

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Amendment to the Articles of Incorporation of STEPPING STONES 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 Amendment to the Articles of Incorporation and attach hereto a duplicate original of the Articles of Amendment.

Dated: July 1, 1996



Pete T. Cenarrusa
SECRETARY OF STATE

By

Shirley J. Clark

JUL 1 2 28 PM '95
SECRETARY OF STATE
STATE OF IDAHO

ARTICLES OF INCORPORATION
OF
STEPPING STONES HOMEOWNERS ASSOCIATION, INC.
A Non-Profit Corporation

UPDATED WITH ALL AMENDMENTS 1/25/95

IDAHO SECRETARY OF STATE
DATE 05/08/1995 0900 60782
CK #: 269 CUST# 67422
NON PROF A 30.00= 30.00
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#: C

The undersigned, acting as incorporators of a corporation under the "Idaho Non-Profit Corporation Act", Title 30, Chapter 3, of the Idaho Code, adopt the following Articles of Incorporation for such corporation.

ARTICLE I.

The name of the corporation is STEPPING STONES HOMEOWNERS ASSOCIATION, INC.

ARTICLE II.

Said corporation is a private, non-profit corporation under and pursuant to the provision of Title 30, Chapter 3, of the Idaho Code, as the same may be from time to time amended.

ARTICLE III.

The period of duration of the corporation shall be perpetual.

ARTICLE IV.

The purposes for which this corporation is organized are as follows:

1) To provide water for irrigation and domestic uses on a cooperative (Adopted on 3/27/86 to read to provide water for irrigation and domestic uses and to provide road maintenance on a cooperative) basis to serve tract owners within the unplatted area consisting of forty-two (42) tracts (Adopted on 9/17/90 unanimously by the Membership to read (48)) lots of land as depicted and set forth in that certain "Record of Survey" of Meckel Engineering and Surveying concerning a portion of land situated in Section 34, Township 52 North, Range 4. W.B.M., Kootenai County, Idaho, as recorded as Instrument No. 961168, in Book 3, Page 468, Records of Kootenai County, State of Idaho.

(9/18/90 Meckel Engineering bought the plat to be signed by the parcel owners involved.)

2) Collect funds from members of the Association solely for the purposes of meeting costs and expenses incurred by the corporation in the providing of the services, and performing the functions required of it.

3) To provide for the compliance and enforcement of the "Declaration and Establishment of Conditions, Reservations and Restrictions for Stepping Stones Site Development" recorded as Instrument No. 978777, on July 9, 1985, Records of Kootenai County, State of Idaho.

4) To provide all reasonable and necessary facilities and equipment in furtherance of these said purposes.

ARTICLE V.

The corporation shall have such powers as are lawful and permitted for such non-profit corporations under and pursuant to the laws of the State of Idaho.

ARTICLE VI.

The number of the Board of Directors of the corporation shall not be less than three (3), nor more than nine (9) as shall be determined from time to time by the Board of Directors.

ARTICLE VII.

The management of the corporation will be vested in a Board of Directors. The number of Directors, their qualifications, term of office, manner of election, time and place, of meeting, powers and duties, shall be as are prescribed by the By-Laws of the Corporation.

ARTICLE VIII.

The initial registered office of the corporation and its initial registered agent within the State of Idaho is:

New registered agents

ROGER LEWIS, PRESIDENT
E. JERRY JOHNSON, V-PRESIDENT
P.O. Box 2943
Hayden Lake, ID 83835

Initial registered agent

J.T. Knudson
Attorney at Law
1121 Mullan Avenue
P.O. Box C
Coeur d'Alene, Idaho
83814

ARTICLE IX.

The principal place of business of the corporation shall be

New business address:

P.O. Box 2943
Hayden Lake, ID 83835

Initial business address:

1121 Mullan Avenue, Suite 210
Coeur d'Alene, Idaho, 83814

ARTICLE X.

The names and addresses of the initial incorporators of this corporation are as follows:

JAMES P. O'CONNELL

5792 North 4th Street
Coeur d'Alene. Idaho 83814

D. H. BATCHELDER

9605 Strahorn
Hayden Lake, Idaho 83835

DONALD R. SWANK

10014 Government Way
Hayden Lake, Idaho 83835

The names and addresses of the new Board of Directors of this corporation are as follows: 1994 ELECTION (9/29/94)

ROGER LEWIS
E. JERRY JOHNSON
MIKE DOLE
PENNY MORGAN
PETER SLAUSON
JERRY A. JOHNSON
CLARENCE HASSE

c/o Steppingstones Homeowners Assoc.
P.O. Box 2943
Hayden Lake, ID 83835

ARTICLE XI.

The number of Directors constituting the initial Board shall be three (3), and the names and addresses of the persons who are to serve as directors until their successors are elected and qualified are as follows:

JAMES P. O'CONNELL

5792 North 4th Street
Coeur d'Alene. Idaho 83814

D. H. BATCHELDER

9605 Strahorn
Hayden Lake, Idaho 83835

DONALD R. SWANK

10014 Government Way
Hayden Lake, Idaho 83835

ARTICLE XII.

There shall be issued a membership certificate for each (improved tract) (Adopted on 8/8/90 Merry Noordam made a motion that from now on each lot sold shall be required to pay a \$500.00 hook-up fee at the time the hook-up is requested. It was decided that membership certificates would be issued when the hook-up fees were paid, Roger Lewis 2nd & passed) improved tract located within the site development served by the corporation and each membership certificate shall be entitled to one (1) vote (Adopted on 9/15/92 Annual membership meeting, Voting Members 1) the owner of an improved lot within Steppingstones (an improved lot is defined as one parcel with water hook-up fee paid. (2) Holder of membership certificates are qualified voting members, each parcel will have one certificate = one vote.) in matters involving the business of the corporation. Membership in the corporation and voting rights and corporate powers are subject to the following:

1) All funds collected by the corporation shall be disbursed only in payment for the expenses of the corporation.

2) Each membership certificate shall be identified with and transferred with the ownership (transfer of ownership) (Adopted on 9/29/94 Merry Noordam made a motion up in the sale and transfer of ownership of property the new purchaser at closing pay a hook-up transfer fee at the current hook up fee to the Homeowners Association through escrow Peter Slauson 2nd & passed.) of a specific improved tract of property, and voting rights may not be canceled nor the member owning the same expelled from the corporation during such property ownership.

3) Proxies shall not be valid for a period of in excess of eleven (11) months, nor shall any proxy be binding upon a purchaser of property from the Grantor of the proxy. Any proxy must also be a member of the corporation.

4) The corporation shall be the owner of the water system, distribution lines and reservoirs and all easements incident thereto, which shall not be subject to any type of lease arrangement.

5) The corporation shall be entitled to suspend services provided by, or use of facilities of, the corporation for any period of time monies due the association are not paid, and may provide for liens on membership properties for the non-payment of bills. Provided, however, restoration of service or use of facilities will be restored promptly upon payment.

6) The foregoing provisions of this article shall not be changed during the first year of the operation of the system except by a two-thirds (2/3rds) majority vote of eligible voters and with approval of the United States Department of Housing and Urban Development, and thereafter may only be changed by vote of a two-thirds (2/3rds) majority of all eligible voters.

ARTICLE XIII.

The By-Laws of this corporation may be altered, amended or new By-Laws adopted at any regular meeting or any special meeting of the members called for that purpose, by the affirmative vote of two-thirds (2/3rds) of the members present at such meeting, providing a quorum be present, a quorum being a majority of the voting members of the corporation.

ARTICLE XIV.

No part of the income of the corporation shall inure to the benefit of any member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation affecting one of more of its purposes), and no member, trustee, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation.

ARTICLE XV.

Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under Section 501 (c) (3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law), or (b) by a corporation, contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE XVI.

That upon the voluntary or involuntary dissolution of the corporation and upon the payment or discharge of all debts incurred by the corporation during its existence, the Board of Directors shall dispose of all of the assets of the corporation exclusively to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501 (c) (3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such assets not so disposed of, shall be disposed of 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 organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

IN WITNESS WHEREOF, we have hereunto set our hands this 27th day of March, 1985.

James P. O'Connell

D. H. Batchelder

Donald Swank

STATE OF IDAHO)
 ss.
County of Kootenai)

On this 25th day of March, 1985, before me, a Notary Public in and for said State, personally appeared JAMES P. O'CONNELL, known to me to be the person whose name is subscribed to the foregoing Articles of Incorporation, and he acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Notary Public for Idaho
Residing at: Coeur d'Alene
My Commission Expires: Life

ARTICLES OF INCORPORATION
OF STEPPING STONES HOMEOWNERS ASSOCIATION, INC.

STATE OF IDAHO)
 ss.
County of Kootenai)

On this 25th day of March, 1985, before me, a Notary Public in and for said State, personally appeared D. H. BATCHELDER, known to me to be the person whose name is subscribed to the foregoing Articles of Incorporation, and he acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Notary Public for Idaho
Residing at: Coeur d'Alene
My Commission Expires: Life

STATE OF IDAHO)
 ss.
County of Kootenai)

On this 25th day of March, 1985, before me, a Notary Public in and for said State, personally appeared DONALD SWANK, known to me to be the person whose name is subscribed to the foregoing Articles of Incorporation, and he acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Notary Public for Idaho
Residing at: Coeur d'Alene
My Commission Expires: Life

ARTICLES OF INCORPORATION
OF STEPPING STONES HOMEOWNERS ASSOCIATION, INC.

(Adopted on 3/27/86 to read to provide water for irrigation and domestic uses and to provide road maintenance on a cooperative)
Adopted by Board of Directors (7) and passed unanimously.

(Adopted on 8/8/90 at annual membership meeting Merry Noordam made a motion that from now on each lot sold shall be required to pay a \$500.00 hook-up fee at the time the hook-up is requested. It was decided that membership certificates would be issued when the hook-up fees were paid, Roger Lewis 2nd & passed) (26 voting members) and passed unanimously.

(Adopted on 9/15/92 Annual membership meeting, Voting Members 1) the owner of an improved lot within Steppingstones (an improved lot is defined as one parcel with water hook-up fee paid. (2) Holder of membership certificates are qualified voting members, each parcel will have one certificate = one vote.) (27 voting members) and passed unanimously with two members abstaining.

(Adopted on 9/29/94 Merry Noordam made a motion that at the sale and transfer of ownership of property the new purchaser at closing pay a hook-up transfer fee at the current hook up fee of (\$500.00) to the Homeowners Association through escrow Peter Slauson 2nd & passed.) (22 voting members) and passed unanimously.

STATE OF IDAHO)

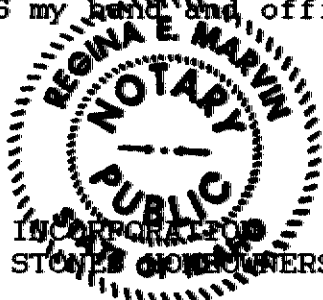
ss.

County of Kootenai)

Roger J. Lewis

On this 26th day of June, 1996, before me, a Notary Public in and for said State, personally appeared ROGER J. LEWIS known to me to be the person whose name is subscribed to the foregoing Articles of Incorporation, and he acknowledged to me that he executed the same.

WITNESS my hand and official seal.



Regina E. Marvin
Notary public for Idaho
Residing at: Coeur d'Alene
My Commission Expires: 11/04/2000

ARTICLES OF INCORPORATION
OF STEPPING STONES HOMEOWNERS ASSOCIATION, INC.