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**AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF****COEUR D'ALENE HOMES PHASE II, INC.**SECRETARY OF STATE
STATE OF IDAHO

Pursuant to the provisions of Chapter 3, Title 30 of the Idaho Nonprofit Corporation Act, Coeur D'Alene Homes Phase II, Inc., an Idaho nonprofit corporation, formed on April 17, 2005, the undersigned hereby deletes all previous articles and adopts the following Amended and Restated Articles of Incorporation of Coeur D'Alene Homes Phase II, Inc.

ARTICLE I

The name of this corporation shall be COEUR D'ALENE HOMES PHASE II, INC. There shall be no members of the corporation.

ARTICLE II

The period of time for which this corporation shall exist shall be perpetual.

ARTICLE III

That the principal place of business of this corporation shall be at 624 W. Harrison, Coeur D'Alene, Idaho, 83814. The initial agent for service of process of the corporation shall be Coeur D'Alene Homes, Inc., whose address is 704 W. Walnut, Coeur D'Alene, ID 83814.

ARTICLE IV

COEUR D'ALENE HOMES PHASE II, INC. shall be affiliated with the Coeur d'Alene Homes, Inc., or its successor, and its operation shall be consistent with the policies of that organization.

ARTICLE V

That the purposes for which this corporation is formed and the business and objects to be carried on and promoted by it are as follows:

- A. To provide elderly persons and handicapped persons with housing facilities and services specially designed to meet their physical, social and psychological needs, and to promote their health, security, happiness and usefulness in longer living, the charges for such facilities and services to be predicated upon the provision, maintenance and operation thereof on a nonprofit basis.
- B. The corporation is irrevocably dedicated to and operated exclusively for, nonprofit purposes; and no part of the income or assets of the corporation shall be distributed to, nor inure to the benefit of, any individual.

Amended & Restated Articles of Incorporation
Coeur d'Alene Homes Phase II

IDAHO SECRETARY OF STATE
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- C. The corporation is formed solely to acquire, operate, construct and own an assisted living facility project to be known as Coeur d'Alene Homes Phase II, Inc. located in Coeur d'Alene, Idaho (the "Project") and to do any and all things necessary, convenient or incidental to that purpose.

ARTICLE VI

The corporation has the powers:

- A. To perform all of the functions enumerated in Idaho Code 30-3-24 and as amended from time to time.
- B. To execute a note and mortgage or deed of trust in order to obtain a loan (the "HUD-Insured Loan") from CW Capital LLC ("Mortgagee") to be insured by the Secretary of Housing and Urban Development ("HUD"). The directors of the Corporation shall designate an officer or other authorized representative who, acting alone, is authorized and empowered, on behalf of the Corporation, to execute a HUD Regulatory Agreement between the Corporation and HUD and such other documents as may be required by agreement between the Corporation and HUD and such other documents as may be required by mortgagee, including but not limited to a Mortgage Note or Deed of Trust Note, a Mortgage or Deed of Trust, an Agreement and Certification, Security Agreement, UCC financing statements, a Mortgagor's Oath, Mortgagor's Certificate, and escrow agreements. The provisions of Article VII hereof shall further govern the Corporation's actions with respect to the HUD- Insured Loan.
- C. In the event of the dissolution of the corporation or the winding up of its affairs, or other liquidation of its assets, the corporation's property shall not be conveyed to any organization created or operated for profit or to any individual for less than the fair market value of such property, and all assets remaining after the payment of the corporation's debt shall be conveyed or distributed only to an organization or organizations created and operated for nonprofit purposes similar to those of the corporation: PROVIDED, however, that the corporation shall at all times have the power to convey any or all of its property to the Secretary of Housing and Urban Development.

ARTICLE VII

HUD Requirements. So long as the Secretary of the Department of Housing and Urban Development ("Secretary") or the Secretary's successors or assigns is the insurer or holder or a note secured by any mortgage, deed of trust or security deed on the project named Coeur d'Alene Homes Phase II, Inc. in Coeur d'Alene, Idaho the following provisions shall apply:

1. If any of the provisions of organizational documents of Project Corporation conflict with the terms of the note, mortgage, deed of trust or security deed, security agreement or

HUD Regulatory Agreement ("HUD Loan Documents") the provisions of the HUD Loan Documents will control.

2. No provision required by HUD to be inserted into the organizational documents may be amended without prior HUD approval, so long as HUD is the insurer or holder of the note.

3. No provision in the organizational documents that result in any of the following will have any force or effect without the prior written consent of HUD:

- a. Any amendment that modifies the term of the Corporation;
- b. Any amendment that activates the requirement that a HUD previous participation certification be obtained from any additional officer or director;
- c. Any amendment that in any way affects the note, mortgage, deed of trust or security deed, and security agreement on the Project or the Regulatory Agreement between HUD and the Corporation;
- d. Any amendment that would authorize any individual other than an officer or director or pre-approved successor officer or director to bind the Company for all matters concerning the Project which requires HUD's consent or approval;
- e. Any change in a guarantor of any obligation to the Secretary.

4. The Corporation is authorized to execute a note, mortgage, deed of trust or security deed and security agreement in order to secure a loan to be insured by the Secretary and to execute the Regulatory Agreement and other documents required by the Secretary in connection with the HUD-insured loan.

5. Notwithstanding any other provisions, upon any dissolution, no title or right to possession and control of the Project, and no right to collect the rents from the Project, shall pass to any person who is not bound by the Regulatory Agreement in a manner satisfactory to the Secretary.

6. The officers and directors and any assignee of an officer or director are liable in their individual capacity to HUD for:

- a. Funds or property of the Project coming into a officer or director's possession, which by the provisions of the Regulatory Agreement, the person or entity is not entitled to retain;
- b. Its own acts and deeds or acts and deeds of others which it has authorized, in violation of the provisions of the Regulatory Agreement;

c. The acts and deeds of affiliates, as defined in the Regulatory Agreement which the person or entity has authorized in violation of the provisions of the Regulatory Agreement; and

d. As otherwise provided by law.

7. The Corporation shall not voluntarily be dissolved or converted to another form of entity without the prior written approval of HUD.

8. The Corporation has designated Mike Grabenstein as its official representative for all matters concerning the Project that require HUD consent or approval. The signature of this person will bind the Corporation in all such matters. The Corporation from time to time may appoint a new representative to perform this function, but within three (3) business days of doing so, will provide HUD with written notification of the name, address and telephone number of its new representative. When a person other than the person identified above has full or partial authority of management of the Project, the Corporation will promptly provide HUD with the name of that person and the nature of that person's management authority.

9. In the event of any conflict between the provisions of Article XI and any other provisions herein, the provisions of Article XI shall be controlling.

ARTICLE VIII

The number of directors of the corporation shall be not less than seven (7) and not more than fifteen (15), and shall be elected by Coeur d'Alene Homes, Inc., an Idaho nonprofit corporation. The directors shall serve without compensation. The original directors are set below:

Wally Goodsen
1817 E. Frisco
Coeur D'Alene, ID 83815

Jeff Wilkins
P.O. Box 2184
Coeur d'Alene, ID 83816

Dr. Kirk Weaver
P.O. Box 3202
Coeur D'Alene, ID 83816

Chris Fehr
815 E. Foster
Coeur d'Alene, ID 83814

Jacqueline Olson
4950 Frazier Drive
Post Falls, ID 83854

Joe Richardson
1337 W. Starling Avenue
Hayden, ID 83835

Sue Crowley
5778 Sleepy Lane
Coeur D'Alene, ID 83814

Kim Kahler
2446 S. Fairway Drive
Coeur D'Alene, ID 83815

Eileen Cresswell
1111 Mountain Avenue
Coeur D'Alene, ID 83814

Donald L. Ingalls
4301 Ramsey Road, E-38
Coeur D'Alene, ID 83815

Donald Schierman
303 West Vista Drive
Coeur D'Alene, ID 83815

Vern Westgate
2071 E. Berrywood Street
Coeur D'Alene, ID 83815

Diana Bumpus
455 Cherry Lane
Coeur D'Alene, ID 83814

Lynn Borders
P.O. Box 545
Post Falls, ID 83877

Richard Nyquist
1946 N. 7th Street
Coeur D'Alene, ID 83814

ARTICLE IV

The officers of the corporation, as provided by the Bylaws of the corporation, shall be elected by the directors of the corporation, in the manner therein set out, and shall serve until their successors are elected and have qualified. The directors shall elect the regular officers of the corporation at the annual meeting, for terms of one year. The secretary and treasurer may be one and the same person, and need not be a director of the corporation.

The annual meeting shall be held on the Third Sunday of March of each year, following the annual meeting of Coeur d'Alene Homes, Inc.

ARTICLE X

Bylaws of the corporation may be adopted or amended by the directors at any regular meeting or any special meeting called for that purpose, so long as they are not inconsistent with the provisions of these Articles or of the Regulatory Agreement between the corporation and the Secretary of Housing and Urban Development pursuant to Article VI hereof.

ARTICLE XI

Limitations. No part of the net earnings or the assets of the Corporation shall inure to the benefit of, or be distributable to, its 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 XII

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 to which contributions 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 XIII

In the event of dissolution or liquidation of the assets of the corporation pursuant to Article VI D herein, Coeur d'Alene Homes, Inc. or its successors shall have preferred rights of acquisition over all other nonprofit organizations provided its status meets the qualification of said Article VI C.

ARTICLE XIV

So long as a mortgage on the corporation's property is held by the Secretary of Housing and Urban Development, these Articles may not be amended without the prior written approval of the said Secretary.

IN WITNESS WHEREOF, the incorporator has hereunto set his hand and seal this ____ day of April, 2005.


Wally Goodsen, President