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SECRETARY OF STATE
STATE OF IDAHO

ARTICLES OF INCORPORATION

OF

SETH ESTATES WATER ASSOCIATION, INC.

The undersigned incorporator adopts the following Articles of Incorporation for the purpose of forming a nonprofit, incorporated Water User's Association under the Idaho Nonprofit Corporation Act.

ARTICLE I—Name

The name of the corporation is "Seth Estates Water Association, Inc."

ARTICLE II—Duration

The duration of the Association shall be perpetual.

ARTICLE III—Authority

The Association is created pursuant to the Idaho Nonprofit Corporation Act, Idaho Code Title 30, Chapter 3, and shall be a Water User's Association under Idaho Code § 30-804.

ARTICLE IV—Purpose and Powers

The Association is organized for the sole purpose of delivering potable water to its members on the real property described in the Association Bylaws. The Association shall not sell, distribute or offer water for profit. In furtherance of such purpose, the Association shall have the power to acquire, construct, develop, operate, maintain and administer a private water source and distribution system, and to engage in all other lawful activities and functions consistent with its primary purpose and authorized under the Idaho Nonprofit Corporation Act.

ARTICLE V—Membership and Voting

1. **Membership.** Members of the Association shall consist solely of those persons who are fee simple owners of the real property described by the Association Bylaws.
2. **Voting.** Members in good standing shall be entitled to cast one (1) vote per lot owned, regardless of the number of individuals holding title to each lot. Voting rights shall be further defined in the Bylaws of the Association.
3. **Transfer of Membership.** Membership shall be appurtenant to each lot identified in the Association Bylaws and shall automatically pass with title to each lot.

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ARTICLE VI—Registered Office and Agent

The initial registered office and registered agent of the Association is:

Michael R. Chapman
402 W. Canfield, Suite 2
Coeur d'Alene, ID 83814

ARTICLE VII—Board of Directors

The business of the Association shall be managed by a Board of Directors numbering not less than three (3) or more than five (5). The Board of Directors shall be elected by the Members in the manner set forth in the Bylaws of the Association.

The Initial Directors of the Association are:

Jeremy Tripp
10063 N. Navion Dr.
Hayden, ID 83835

Jessica Tripp
10063 N. Navion Dr.
Hayden, ID 83835

Barry Stearns
10063 N. Navion Dr.
Hayden, ID 83835

ARTICLE VIII—Indemnification

No Incorporator, Director, Officer, or Member of the Association shall be held personally liable for any action, debt, obligation or other liability of the Association. The Association will defend and indemnify any person who serves as an Incorporator, Director or Officer for claims arising out of or related to any action taken or decision made on behalf of the Association and within the scope of the person's authority as an Officer or Director of the Association.

Article IX—Assessment and Fees

The Association is organized for the mutual benefit of its members and shall have no profit. The cost of acquiring, constructing, managing, and operating the corporate water system shall be paid by fees and charges assessed by the Members of the Association. Whenever the Board of Directors deems it necessary and advisable to establish or change the fees and charges for water, such fees and charges shall be established by the Board at a meeting called for that purpose in accordance with the provisions of the Bylaws of the Association. All assessments received by the Association will be used only for the payment of corporate debts, and to operate and maintain the water system owned by the Association. After all expenses of the Association are paid each year, and a reasonable reserve set aside as

determined by the Board of Directors, any excess income of the Association shall be used to reduce or offset future fees and charges assessed by the Association.

ARTICLE X—Lien on Shares

The Association shall have a lien on the Membership Certificate held by the members for all assessments levied, and shall have the right to enforce such lien as set forth in the Bylaws of the Association.

ARTICLE XI—Dissolution

No part of the income or assets of this Association shall ever inure to the benefit of any director, officer or member, or for the benefit of any private person. Upon the dissolution and winding up of the corporate affairs, any remaining assets, after payment of all debts and liabilities of the Association, shall be distributed to a qualified nonprofit fund, foundation or other organization in accordance with the provisions of the Bylaws of the Association. Such disbursement shall be determined by a majority vote of the Board of Directors.

ARTICLE XII—Amendment

These Articles of Incorporation may be amended at a meeting of the members having voting rights. The proposed amendment shall be adopted by approval of not less than two-thirds (2/3rds) of the members present at such meeting in person or by proxy and entitled to vote under the terms of the Bylaws of the Association.

Dated this 28 day of November, 2012.



Michael R. Chapman
Incorporator