

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION OF

OUTLET BAY OWNERS ASSOCIATION, INC.

File number C 111663

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 OUTLET BAY OWNERS 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: August 10, 1995



Pete T. Cenarrusa
SECRETARY OF STATE

By *Sonya Herold*

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SECRETARY OF STATE
STATE OF IDAHO

ARTICLES OF INCORPORATION OF OUTLET BAY OWNERS ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS that DONALD J. STRATTON, being over the age of eighteen (18) years, and for the purposes of forming a corporation under the Idaho Nonprofit Corporation Act, hereby certifies and adopts in duplicate the following Articles of Incorporation:

ARTICLE I. NAME

The name of the Corporation (hereinafter called the "Association") is OUTLET BAY OWNERS ASSOCIATION, INC., and it is a nonprofit corporation.

ARTICLE II. DURATION

The Association shall exist perpetually.

ARTICLE III. PURPOSES AND POWERS OF THE ASSOCIATION

This Association does not contemplate the distribution of gains, profits, or dividends to its Members. The specific primary purposes for which it is formed are to provide for the acquisition, management, operation, administration, maintenance, repair, improvement, preservation, insurance, and architectural control of that certain recreational resort situated in Bonner County, Idaho, commonly known as Outlet Bay Resort, and to promote the health, safety and welfare of all Members of the Association, who shall have rights to use and enjoy the Association property, all 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 Auditor of Bonner County.

In furtherance of said purposes, and subject to the approval of Members as required by the Declaration and the remaining Project Documents, or by law, this Association shall have power to:

- (a) Perform all of the duties and obligations of the Association as set forth in the Project Documents;
- (b) Fix, levy, collect and enforce Assessments and fines as set forth in the Declaration;

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(c) Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Association property;

(d) Acquire (by gift, capital contribution, 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 Association;

(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 any part of any Association 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 owned and managed by the Association;

(h) Have and exercise any and all powers, rights, and privileges which a corporation organized under the Nonprofit Corporation Act of the State of Idaho by law may now or hereafter have or exercise.

ARTICLE IV. MEMBERS AND MEMBERSHIP

1. Membership Structure. Participation in management and ownership of the Association shall be by membership only. Membership in the Association shall be in accordance with these Articles of Incorporation, the Bylaws of the Association, and the Declaration.

2. Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except to, through, or with the consent of the Association, or as otherwise allowed under the restrictions set forth in the Declaration and Bylaws.

3. One Class of Membership. The Association shall have one (1) class of voting membership, with each Member having one (1) vote for each Membership certificate held by such Member. If a Membership is held by more than one (1) person, each such person shall be a Member of the Association, but the voting power attributable to that Membership shall not be increased by the joint ownership, and the vote of that Membership shall not be split. If the holders of a particular Membership present at a meeting, in person or by proxy, cannot agree on how to vote on a specific matter, no vote shall be exercised on behalf of such Membership on that matter.

4. Limitation of Payments to Members. Except upon dissolution of the Association, liquidation of the Association's assets, or redemption of a Member's interest as provided in the Declaration and/or Bylaws, no Member shall be entitled to any return of any contribution or other interest in the Association.

ARTICLE V.
INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Association shall be at c/o Donald Stratton, Paradise Marine, 1512 Government Way, Coeur d'Alene, Idaho 83814, and the registered agent at such address shall be Donald Stratton.

ARTICLE VI.
BOARD OF MANAGERS.

The affairs of this Association shall initially be managed by a Board of five (5) Managers, each of whom must be a Member of the Association or an agent of a corporate Member of the Association. The number of Managers may be changed by amendment of the Bylaws of the Association. The names and addresses of the incorporators of the Association, who shall also act as the initial five (5) Managers of the Association until the selection of their successors, are:

<u>Name</u>	<u>Address</u>
Donald J. Stratton	c/o Paradise Marine 1512 Government Way Coeur d'Alene, Idaho 83814
Charlotte E. Stratton	c/o Paradise Marine 1512 Government Way Coeur d'Alene, Idaho 83814
Gregory R. Stratton	c/o Paradise Marine 1512 Government Way Coeur d'Alene, Idaho 83814
Ronald A. Hardin	4019 N. Hemlock Spokane, Washington 99205
Allan L. McEachern	510 W. Montgomery St. Spokane, Washington 99205

ARTICLE VII.
DISSOLUTION

In the event of the dissolution, liquidation, or winding up of the Association, after paying or adequately providing for the debts and obligations of the Association, the Managers or persons in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights thereto as established in the Declaration.

ARTICLE VIII.
AMENDMENT OF ARTICLES

These Articles may be amended at any time and in any manner by the vote or written assent of two-thirds (2/3) of the total membership in the Association; 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; and provided further, that any such amendment shall not be inconsistent with the law.

For the purpose of forming this Association under the laws of the State of Idaho, the undersigned, being the incorporator of this Association, has executed these Articles of Incorporation in duplicate on August 9, 1995.


DONALD J. STRATTON

CONSENT TO SERVE AS REGISTERED AGENT

I, DONALD J. STRATTON, hereby consent to serve as registered agent in the State of Idaho, for the corporation known as OUTLET BAY OWNERS ASSOCIATION, INC. I understand that as agent for the Association, it will be my responsibility to receive service of process in the name of the Association; to forward all mail to the Association; and to immediately notify the office of the Secretary of State in the event of my resignation, or of any changes in the registered office address of the Association for which I am agent.

DATED: August 9, 1995.


DONALD J. STRATTON