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SECRETARY OF STATE
STATE OF IDAHO

**ARTICLES OF INCORPORATION
OF**

ORCHARD GROVE TOWNHOUSE HOMEOWNERS' ASSOCIATION, INC.

The undersigned, acting as the incorporator of a nonprofit corporation organized under and pursuant to the Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code ("Act"), adopts the following Articles of Incorporation.

ARTICLE I

NAME

The name of the corporation is ORCHARD GROVE TOWNHOUSE HOMEOWNERS' ASSOCIATION, INC., hereinafter called "Association."

ARTICLE II

NONPROFIT STATUS

The Association is a nonprofit corporation.

IDAHO SECRETARY OF STATE

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ARTICLE III

DURATION

The period of duration of the Association is perpetual.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

The purposes for which the Association is formed are:

- a. The specific and primary purposes for which the Association is formed are to be a residential real estate management association and to provide for the acquisition, construction, management, maintenance and care of real and personal property held by the Association or commonly held by the members of the Association or located in the Orchard Grove subdivision in Canyon County, Idaho (the "Development") and owned by members of the Association and

otherwise to act and be operated as a "homeowners association" as defined in Section 528 of the Internal Revenue Code of 1954, as amended.

b. Subject to the provisions of the Declaration of Covenants, Conditions Restrictions, and Easements for Orchard Grove subdivision, and any supplemental declaration, applicable to the Development and recorded or to be recorded in the Office of the Canyon County Recorder, and as the same may be amended from time to time as therein provided, (hereinafter collectively referred to as the "Declaration"), said Declaration being incorporated herein as if set forth at length, the general purposes and powers of the Association are:

(1) To promote the health, safety and welfare of the residents within the Development;

(2) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration;

(3) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(4) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(5) To 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;

(6) To dedicate, sell or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.

(7) To participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional property and common area;

(8) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Act by law may now or hereafter have or exercise.

The foregoing statement of purposes shall be construed as a statement both of purposes and of powers, and purposes and powers in each clause shall in no wise be limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of

purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

ARTICLE V

BOARD OF DIRECTORS

The affairs of this Association shall be managed by its Board of Directors. The Board of Directors shall consist of three (3) individuals. The actual number of Directors shall be fixed by the Bylaws of the Association. Other than the Directors constituting the initial Board of Directors, who are designated in these Articles, the Directors shall be elected or appointed by the members of the Association in the manner and for the term provided in the Bylaws of the Association.

The names and street addresses of the persons constituting the initial Board of Directors are:

William R. Guhrke	150 Aikens Street Eagle, ID 83616
Lawrence C. Laraway	c/o Coldwell Banker Aspen Realty 99 E. State Street Eagle, ID 83616
Grant Kolnes	150 Aikens Street Eagle, ID 83616

ARTICLE VI

PRINCIPAL OFFICE

The initial location and principal office of the Association is 150 Aikens Street, Eagle, Idaho 83616, and the mailing address is 150 Aikens Street, Eagle, Idaho 83616.

ARTICLE VII

INITIAL REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Association is 150 Aikens Street, Eagle, Idaho 83616, and the name of its initial registered agent at such address is William R. Guhrke.

ARTICLE VIII

INCORPORATOR

The incorporator and his address are as follows:

William R. Guhrke	150 Aikens Street
	Eagle, ID 83616

ARTICLE IX

MEMBERSHIP

Every person or entity who is a record owner, whether one or more persons or entities, of a fee simple title to any lot which is subject by the Declaration to assessment by the Association, including contract sellers (the "Owners"), shall be a member of the Association. Each Owner consents to such membership in the Association by virtue of being a lot Owner. The foregoing shall not include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

ARTICLE X

VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A: Class A members shall be all owners with the exception of the Declarant (as defined in the Declaration) and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members, with the vote for such lot being exercised as they collectively determine, but in no event shall more than one (1) vote be cast with respect to any lot.

Class B: The Class B member shall be the Declarant and shall be entitled to three (3) votes for each lot of which the Declarant is the owner. The Class B membership shall cease and be converted to Class A membership upon the earlier of (a) such time as seventy-five percent (75%) of the lots within the property are deeded to homeowners; or (b) July 1, 2004.

ARTICLE XI

DISSOLUTION

The Association may be dissolved by the affirmative vote of not less than two-thirds (2/3rds) of each class of members at an annual or special meeting duly called for such purpose. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association trust or other organization to be devoted to such similar purpose.

ARTICLE XII

NONPROFIT LIMITATIONS

No part of the net earnings of the Association shall inure to the benefit of, or be distributable to, its members, Directors, Officers, or other private persons, except that the Association 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 IV hereof. No substantial part of the activities of the Association shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Association 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 provision of these Articles, the Association 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) (4) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE XIII

BYLAWS

Provisions for the regulation of the internal affairs of the Association shall be set forth in the Bylaws.

ARTICLE XIV

AMENDMENTS

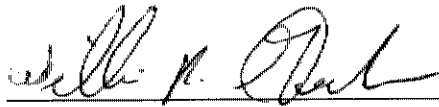
Amendments of these Articles shall require the vote of the membership of at least two-thirds (2/3rds) of the entire membership.

ARTICLE XV

FHA/VA APPROVAL

As long as there is a Class B membership, the annexation of additional property, mortgaging of the common area, mergers or consolidations, dissolution or amendment of these Articles will require the approval of the Federal Housing Authority or the Veterans Administration.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Idaho, the undersigned has executed these Articles of Incorporation this 24th day of August, 1999.

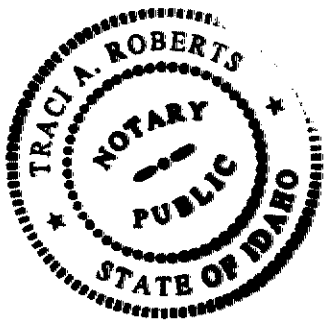


William R. Guhrke, Incorporator

STATE OF IDAHO)
) ss.
County of Ada)

On this 24th day of August, 1999, before me, a Notary Public in and for said State, personally appeared William R. Guhrke, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

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



Traci Roberts
Notary Public for Idaho
Residing at Bow
My commission expires 6/23/2004