

**ARTICLES OF INCORPORATION**  
**OF**  
**RIVIERA COMMUNITY CORPORATION,**  
**a nonprofit corporation**

**FILED EFFECTIVE**

**10 OCT 21 PM 1:42**

**SECRETARY OF STATE  
STATE OF IDAHO**

The undersigned individual of the age of eighteen (18) years or more, acting as incorporator under Idaho Code 30-3-17, adopts the following Articles of Incorporation:

**ARTICLE I.**  
**NAME OF CORPORATION**

The name of the corporation is RIVIERA COMMUNITY CORPORATION.

**ARTICLE II.**  
**PURPOSES OF CORPORATION**

The Corporation's business and purpose consists solely of the following:

1. To own, operate and manage, on a non-profit cooperative basis, the Riviera Mobile Estates Manufactured Home Park (the "Community") in Eagle, Ada County, Idaho, for and on behalf of the residents and homeowners therein, pursuant to and in accordance with these Articles and the Corporation's Bylaws;
2. To engage in such other lawful activities permitted in nonprofit cooperative corporations under the Idaho Nonprofit Corporation Act and to exercise on behalf of its members all those general powers enumerated in Idaho Nonprofit Corporation Act, all as are incidental, necessary or appropriate to the foregoing.

**ARTICLE III.**  
**INITIAL DIRECTORS**

The initial directors of the Corporation are: Steve Bouthillier, 1200 Artesian Road #20, Eagle, Idaho 83616; Ned Brewer, 1200 Artesian Road #30, Eagle, Idaho 83616; Gary Edgmon, 1200 Artesian Road #37, Eagle, Idaho 83616; Lareene Edgmon, 1200 Artesian Road #37, Eagle, Idaho 83616; Chris L. Jacobsen, 1200 Artesian Road #2, Eagle, Idaho 83616; Ruth King, 1200 Artesian Road #36, Eagle, Idaho 83616; Nicole Mortensen, 1200 Artesian Road #28, Eagle, Idaho 83616; Bryon Prevost, 1200 Artesian Road #31, Eagle, Idaho 83616; Tom Sweeney, 1200 Artesian Road #14, Eagle, Idaho 83616; Susan Svenson, 1200 Artesian Road #41, Eagle, Idaho

ARTICLES OF INCORPORATION - RIVIERA COMMUNITY CORPORATION

Page 1 of 10

IDAHO SECRETARY OF STATE  
**10/21/2010 05:00**  
CK: 2488 CT: 252195 BH: 1244110  
1 @ 38.00 = 38.00 INC NONP # 2

C 188867

83616; and Robin Sumpter, 1200 Artesian Road #27, Eagle, Idaho 83616. Until the adoption of bylaws by the Corporation, the incorporator retains the right to remove any director appointed herein and appoint any replacement director.

#### **ARTICLE IV. INITIAL OFFICERS**

The names and addresses of the initial officers of the Corporation are:

President	Ruth King	1200 Artesian Road #36, Eagle, Idaho 83616
Vice President	Nicole Mortensen	1200 Artesian Road #28, Eagle, Idaho 83616
Secretary/Treasurer	Robin Sumpter	1200 Artesian Road #27, Eagle, Idaho 83616.

Until adoption of bylaws by the Corporation, the incorporator retains the right to remove any officer appointed herein and appoint a replacement.

#### **ARTICLE V. REGISTERED AGENT AND OFFICE**

The name of the Corporation's Registered Agent and the address of the initial registered office of the Corporation are: Ruth King, 1200 Artesian Road #36, Eagle, Idaho 83616.

#### **ARTICLE VI. ADDRESS FOR MAILING NOTICES**

The mailing address of the Corporation is: 1200 Artesian Road #36, Eagle, Idaho 83616.

#### **ARTICLE VII. INCORPORATOR**

The name and address of the incorporator of the Corporation are: Anthonie H. Woller, Anthonie H. Woller, P.C., 9895 S.W. 153<sup>rd</sup> Ave., Beaverton, OR 97007.

#### **ARTICLE VIII. COOPERATIVE WITH MEMBERS**

This nonprofit corporation is a cooperative corporation and will have members.

## **ARTICLE IX. MEMBERSHIP STOCK**

The Corporation will be organized with Membership Stock. Membership in the Corporation will be upon the following terms and conditions:

1. The number of Memberships in the Corporation equals the number of mobile/manufactured home lots in the Community which can be leased. The Corporation reserves and makes available a membership for each such leaseable lot in the Community. There are no Memberships not connected to a mobile/manufactured home lot in the Community. There are forty-four (44) Memberships. There is no par value for the Membership Stock.
2. Except as otherwise provided herein, the owner or owners of the mobile/manufactured home on each lot are the only persons eligible to purchase the Membership for their lot. The owner or owners of the mobile/manufactured home on each lot may acquire the membership for their lot upon their payment of the subscription price for such Membership, as established by the Board of Directors of the Corporation.
3. Upon purchase of a Membership by a homeowner or homeowners of a mobile/manufactured home on a lot in the Community, the Corporation will issue to the mobile/manufactured homeowner or owners a membership Certificate for the membership Stock and will execute with the homeowner or owners a long-term ninety-nine (99) year Proprietary Lease for their lot.
4. The Corporation will at all times have a lien upon the Membership and Membership Certificate of each Member for all indebtedness and obligations owing and to be owing by such Member to the Corporation, arising under the provision of any proprietary lease issued by the Corporation or arising under these Articles, the Bylaws or any other contract between the Member and the Corporation. The lien will be superior to all other liens except that the Board of Directors may at its discretion subordinate the Corporation's lien position to that of a lender to the member who finances either the purchase of the Membership or the mobile/manufactured home of the Member. The Board of Directors may refuse to consent to the transfer of any Membership until all indebtedness is satisfied.
5. A Membership may be transferred by sale by a Member but only on the following terms and conditions: (a) the transferee must purchase the mobile/manufactured home on the mobile/manufactured home lot in the Community connected to the Membership; (b) the transferee must also execute an acceptance of the assignment of the Proprietary Lease for the mobile/manufactured home lot connected to the Membership; and (c) the transferee must be approved by the Board, meet all qualifications set by the Articles and these Bylaws for Membership, and pay to the Association all transfer fees as reasonably set by the Association or

costs incurred by the Association. Upon approval of such transfer, the Certificate for the selling Member will be canceled and the Association will issue a new Certificate to the transferee.

6. There is only one class of Memberships in the Corporation.

7. The Membership of any Member is subject to cancellation for breach of the Proprietary Lease or the Member's duties as set forth in the Bylaws.

8. The Board of Directors will set the subscription price for the Memberships. After subscription, the price for a Membership upon resale thereof will be governed as set forth in the Bylaws.

## **ARTICLE X. FINANCING FOR PURCHASE OF MEMBERSHIPS**

1. A Member may mortgage, pledge, hypothecate or encumber his Membership Stock or the Proprietary Lease appurtenant thereto and the leasehold interest created thereby for the purposes of financing or refinancing the Member's purchase of the Membership or the mobile/manufactured home on the mobile/manufactured home lot connected to the Membership on the following terms and conditions:

1.1 Prior to encumbering his or her Membership Stock or Proprietary Lease to secure a loan, a Member will notify the Corporation of the amount of the proposed loan and the name and contact information for the proposed lender ("Secured Party") to be secured by a security interest in the Membership Stock and/or Proprietary Lease.

1.2 Upon notice to the Corporation by the Member or the Secured Party providing financing, the Association will subordinate its lien in such Membership to the lien of the Secured Party.

1.3 The Corporation will send to the Secured Party a copy of any notice the Corporation sends to the Member regarding any default by the Member of his or her obligations under these Articles, the Proprietary Lease or the Bylaws to be adopted by the Corporation, and a copy of any notice the Corporation sends to the Member regarding its election or intent to terminate the Member's Proprietary Lease or cancel the Membership of the Member as provided in the Bylaws.

1.4 After receipt of such notice, the Secured Party may notify the Corporation, at any time before the effective date of the Corporation's termination of the Proprietary Lease and cancellation of the Membership, of its election to initiate any preservation period as provided in the Bylaws. The Secured Party may also initiate the preservation period upon written notice to the Corporation where the Member is in default under any contract, loan agreement or security

agreement with the Secured Party. During any preservation period invoked by the Secured Party, the Corporation will abate all action to terminate the Proprietary Lease or cancel the Membership but only so long as the Secured Party pays all Maintenance Fees or other assessments or payments due under the Member's Lease as if the Member were not in default. During any preservation period, the Secured Party may foreclose on its lien, take possession but not occupy or lease out the manufactured home lot or the manufactured home on the manufactured home lot appurtenant to the Membership, and/or sell the Membership and/or manufactured home subject to the transfer requirements set forth in these Articles and the Bylaws. The rights of a Secured Party regarding any preservation period will be governed by any terms set forth in the Bylaws.

## 2. Sponsored Membership Lender:

2.1 At the time of the purchase of the Community by the Corporation, some Community residents ("Financed Members") may finance the purchase price of their Membership Stock with loans ("Membership Loans") from a source sponsored by the Corporation ("Sponsored Membership Lender"). The Sponsored Membership Lender will take security interests in the Financed Members' memberships to secure repayment of the Membership Loans. The Membership Loans will close concurrent with the closing of the purchase of the Community by the Corporation.

2.2 Upon funding of the Membership Loans by the Sponsored Membership Lender: (a) Each Financed Member will thereafter make the monthly payment of principal and interest due under the Membership Loan to the Corporation who will collect the same on behalf of the Sponsored Membership Lender; (b) The Corporation will assume responsibility for making each month to the Sponsored Membership Lender an aggregate monthly payment consisting of all the monthly payments due to the Sponsored Membership Lender on the membership Loans owed by all the Financed Members; (c) The Corporation will indemnify and hold harmless each Financed Member from liability for the Member's monthly payment on his Membership Loan for each such payment collected by the Corporation. If the Corporation fails to pay to the Membership Lender the monthly payment on the Membership Loan collected by the Corporation from a Financed member, the Financed Member who is the obligor on said loan may make such payment directly to the Membership Lender. In such circumstance, the Financed Member may require reimbursement from the Corporation for payments made to the Corporation for the monthly payment on the Membership Loan.

2.3 In connection with Membership Loans financed by the Sponsored Membership Lender, the Corporation may execute with the Sponsored Membership Lender a payment guaranty covering the Membership Loans and a collection agreement, obligating the Corporation to collect from Financed Members the monthly payments owing on their Membership Loans and then making an aggregate payment to the Sponsored Membership Lender for all the Membership Loans.

2.4 Each Financed Member consents that the Corporation may act as the agent and/or attorney-in-fact of the Sponsored Membership Lender to collect any sums owed to the Sponsored Membership Lender under a Membership Loan and to enforce Sponsored Membership Lender's rights under any collateral given to secure repayment of the Membership Loan including but not limited to foreclosure or taking possession of the collateral.

3. The Corporation may offer financing to Community residents for the purchase of Membership Stock. The terms for such financing will be set by the Board of Directors. Any such financing will be secured by a security interest in favor of the Corporation in the Membership of the Members so financed.

## **ARTICLE XI. DISTRIBUTIONS**

Distributions to Members will be made as follows:

1. Members will not be entitled to receive any distributions of surplus funds or monies from Corporation assets except: (a) that, if the purchase of the Community is not completed, then monies remaining in any Corporation account will, after payment of all expenses associated with the attempt to purchase the Community, be distributed to Members in the same proportion as their contributions to the Corporation; or (b) as a return of surplus assessments, rent or maintenance fees paid to the Corporation by Members to be distributed to Members in the same proportion as their Membership bears to the total number of issued and outstanding Memberships.

2. Upon dissolution or final liquidation of the Corporation, each Member will be entitled to receive a distribution of the net liquidated assets after settlement of all Corporation obligations, including the expenses of liquidation, in an amount according to the ratio which each Membership bears to the total number of issued and outstanding Memberships. Any amount to be distributed to a Member will be reduced by the amount of any sum then owing by said Member to the Corporation.

## **ARTICLE XII. MEMBERS' RIGHTS**

Members' Rights in the Corporation are as follows:

1. The owner or owners of each Membership are entitled to one vote for that Membership at all duly called Membership meetings of the Corporation. Members with outstanding debts to the Corporation will be disqualified from voting until such debts have been paid in full.

2. Members are entitled to receive from the Corporation a long-term Proprietary Lease for ninety-nine (99) years for the mobile/manufactured home lot on which their mobile/manufactured home is located and to enjoy the possession and use of the lot for so long as such Members retain their Membership in the Corporation and comply with the terms of the Proprietary Lease. Each such lease will be subject and subordinate to the deeds of trust or mortgages of any lenders which have made loans to the Corporation and which are secured by the real estate constituting Riviera Mobile Estates Manufactured Home Park. Upon expiration, all such Proprietary Leases will be renewed on the same terms and conditions unless the terms for renewal have been changed by a vote of the Membership.

3. Members may not assign or transfer their Membership in the Corporation or their interest in the Proprietary Lease or the leasehold estate created thereby except as set forth herein and the Bylaws adopted by the Corporation. Except as otherwise provided herein, Membership in the Corporation will always be contingent upon ownership of the mobile/manufactured home on the mobile/manufactured home lot for which the Membership is issued.

### **ARTICLE XIII. LIMITATIONS**

Notwithstanding any provision of the Idaho Nonprofit Corporation Act, the Corporation will not, without approval by three-quarters (75%) of the Board of Directors and approval by two-thirds (67%) of the Members of the Corporation, do any of the following:

1. Engage in any business or activity or other than those permitted hereby or own any assets other than those related to the Community;

2. Do any act which would make it impossible to carry on the ordinary business of the Corporation;

3. Borrow money in excess of Twenty-five Thousand and no/100 Dollars (\$25,000), or incur any indebtedness other than normal trade accounts and lease obligations incurred in the ordinary course of business or done in connection with the acquisition of the Community, or grant consensual liens on the Corporation's property; except, however, the Corporation is hereby authorized to secure loans to the Corporation to pay for improvements to be made at the Community, in such amounts and on such terms as approved by the Board of Directors, and to grant a mortgage, deed of trust, lien or liens on the Corporation's property to secure such loans.

4. Except for the guaranty and collection agreements provided for in Article X, Section 2.3 above, assume or guarantee any indebtedness of any other person or entity;

5. Dissolve or liquidate, in whole or in part;

6. Sell or lease or otherwise dispose of all or substantially all of the assets of the Corporation;

7. Institute proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceeding against it, or file a petition seeking or consenting to reorganization or relief under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee of the Corporation or a substantial part of property of the Corporation, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take corporate action in furtherance of any such action;

8. Amend these Articles of Incorporation; and

9. Consolidate or merge with or into any other entity or convey or transfer or lease its property and assets substantially as an entirety to any entity.

#### **ARTICLE XIV. TITLE TO CORPORATION PROPERTY**

All property owned by the Corporation is owned by the Corporation as an entity and, insofar, as permitted by applicable law, no Member of the Corporation or officer will have any ownership interest in any Corporation property in his or her individual name, and, all Membership Stock interest in the Corporation will be personal property for all purposes.

#### **ARTICLE XV. SEPARATENESS PROVISIONS**

Except as may otherwise be provided herein, the Corporation will:

1. Maintain books and records and bank accounts separate from those of any other person or entity;

2. Maintain its assets in its own name and in such a manner that it is not costly or difficult to segregate, identify or ascertain such assets;

3. Hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;

4. Hold regular meetings of the Board of Directors and of the Members, as appropriate, to conduct the business of the Corporation, and observe all other corporate formalities;



5. Prepare its own tax returns and financial statements separate from any other person or entity and not permit its assets to be listed as assets on the financial statements of any other person or entity, or if a part of a consolidated group, then it will be shown as a separate members of such group;

6. Allocate and charge fairly and reasonably any common employee or overhead shared with affiliates;

7. Transact all business with affiliates on an arm's-length basis and pursuant to enforceable agreements, the terms of which are intrinsically fair, commercially reasonable, and are no less favorable than would be obtained in a comparable transaction with an unrelated third party;

8. Conduct business in its own name, and use separate stationery, invoices and checks;

9. Neither make any loans or advances to any person or entity nor hold evidence of indebtedness issued by any person or entity;

10. Timely pay all of its tax obligations;

11. Pay its own liabilities only out of its own funds;

12. Not pledge its assets for the benefit of any other person or entity;

13. Pay the salaries of its own employees, if any, and maintain a sufficient number of employees in light of the contemplated business operations;

14. Correct any known misunderstanding regarding its separate identity;

15. Not acquire any securities or obligations of its officers, members or any affiliate;

16. Cause the officers and other representatives of the Corporation to act at all times with respect to the Corporation consistent and in furtherance of the foregoing and in the best interests of the Corporation while simultaneously considering the interests of its creditors;

17. Maintain adequate reserves in light of the Corporation's contemplated business purpose, transactions and liabilities;

18. Pay all of its debts and liabilities from its assets as they become due; and

19. Not identify any of its members or any affiliate thereof as a division or part of the Corporation, and will not identify itself as a division or part of any other entity.

**ARTICLE XVI.  
INDEMNIFICATION OF OFFICERS AND DIRECTORS**

Each director or officer now or hereafter serving the Corporation and the respective heirs, executors and administrators of each of them, will be indemnified by the Corporation against all costs, expenses, judgments and liabilities, including attorney fees reasonably incurred by or imposed upon them in connection with or resulting from any action, suit or proceeding, civil or criminal, in which he or she is or may be made a party by reason of being or having been such director or officer or by reason of any acting alleged to have been taken or omitted as such director or officer, whether or not he or she is a director or officer at the time of incurring such costs, expenses, judgments and liabilities, except in relation to matters as to which he or she will be finally adjudged, without right of further appeal in such actions, suit or proceeding, to have been liable for willful misconduct in the performance of his or her duty as such director or officer. Such indemnification will be made with respect to adjudications other than on the merits and will extend to settlements and compromises. The foregoing right of indemnification will not be exclusive of other rights to which such director or officer may be entitled as a matter of law.

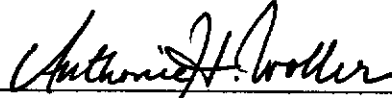
**ARTICLE XVII.  
SUBORDINATION OF INDEMNITIES**

All indemnification obligations of the Corporation set forth herein are fully subordinated to any loans secured by the real estate constituting the Riviera Mobile Estates Manufactured Home Park and such indemnification obligations will in no event constitute a claim against the Corporation if the Corporation's cash flow is insufficient to pay the amounts necessary to make the monthly payments due under such loans.

**ARTICLE XVIII.  
CONSTRUCTION**

As used in these Articles, the masculine, feminine and neuter gender and the singular and plural number are each deemed to include the others whenever the context so indicates.

DATED the 19<sup>th</sup> day of October, 2010.

  
\_\_\_\_\_  
Anthonie H. Woller, Incorporator