

FILED/EFFECTIVE

ARTICLES OF INCORPORATION

OF

CARNATION TOWNHOUSE OWNERS' ASSOCIATION, INC.

A Nonprofit Corporation

ARB 2001/09/10
SECRETARY OF STATE
ST. LOUIS, MO 63101
CT: 1723 PH: 393871
L 36 PM '01
INC. NO. 1
IDAHO

0138749

In compliance with the requirements of Title 30, Chapter 3, Idaho Code, the undersigned, all of whom are residents of Ada County, State of Idaho, and all of whom are of majority age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify:

ARTICLE I

The name of this corporation is Carnation Townhouse Owners' Association, Inc. hereinafter called the "Association."

ARTICLE II

The principal office of the Association is located at 2417 Roanoke Drive, Boise, Idaho 83712.

ARTICLE III

Robert Scott Patterson, whose address is 2417 Roanoke, Boise, Idaho 83712, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof. The purposes of the Association are to provide for the maintenance, preservation and aesthetic enhancement of the townhouses within that certain tract of property described as:

All the lands located in Carnation Townhouse Subdivision, except Lot 1, Block 1, according to the official plat thereof on file in the office of the County Recorder of Ada County, State of Idaho, in Book 81 of Plats at Pages 8762-8763, thereto as may hereafter be brought within the jurisdiction of the Association and to promote the health, safety and welfare of the residents within the above described property and any additions. The Association shall be empowered to:

(a) Exercise all the powers and privileges and to perform all the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions For Carnation Townhouse Subdivision, hereinafter called the "Declaration," applicable to the property and recorded in the office of the County Recorder of Ada County, Idaho, as Instrument No. 101037714, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as though set forth in full;

(b) 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; unpaid assessments shall constitute a lien upon the property against which the assessment has been levied;

(c) 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;

(d) Borrow money and, with the assent of a majority of each class of members, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of each class of members; and

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

ARTICLE V

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject to the Declaration, including contract sellers (the "Owners"), shall be a member of the Association. 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 VI

VOTING RIGHTS

A. General. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A members shall be all Owners, with the exception of the Declarant (as "Declarant" is defined in the Declaration) and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they 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 (as defined in the Declaration) and shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be automatically converted to Class A membership (one Class A membership for each Lot owned) upon the happening of either of the following events, whichever occurs later:

(a) When the total votes outstanding in the Class A memberships equal the total votes outstanding in the Class B membership;
or

(b) On January 1, 2006.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of three directors until the first annual meeting of the members. Directors need not be members of the Association. The number of directors may be changed by provision of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

NAME	ADDRESS
Robert Scott Patterson	2417 Roanoke Boise, Idaho 83712
Dee Ann Patterson	2417 Roanoke Boise, Idaho 83712
Jason Scott Patterson	1009 N. 22nd Boise, Idaho 83702

At the first annual meeting the members shall elect one director for a term of one (1) year, one director for a term of two (2) years, and one director for a term of three (3) years. At each annual meeting thereafter the members shall elect directors to replace those whose terms have expired, and each director so elected shall be elected for a term of three (3) years.

ARTICLE VIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than one hundred percent (100%) of each class of members. Upon the dissolution of the Association, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Association, dispose of all of the assets of the Association exclusively for the purposes of the Association in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes, as shall at the time qualify as an exempt organization or organizations under the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the District Court of the Fourth Judicial District of the State of Idaho, in and for Ada County, exclusively for such purposes or to such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE IX

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 X

DURATION

The corporation shall exist perpetually.

ARTICLE Xi

HUD/VA APPROVAL

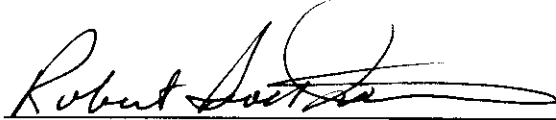
So long as there shall be a Class B membership, HUD/VA must approve the annexation of additional properties, mergers and consolidations, dissolution and amendment of the Articles of Incorporation.

ARTICLE XII

AMENDMENTS

Amendment of these Articles shall require the affirmative vote of two-thirds (2/3) of the entire membership.

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of Idaho, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this 23 day of April, 2001.



Robert Scott Patterson



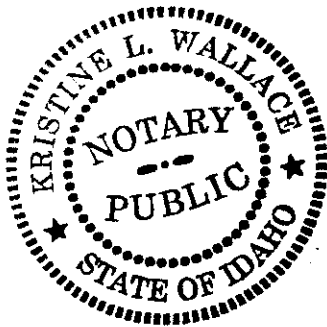
Dee Ann Patterson

STATE OF IDAHO)
)ss.
County of Ada)

On this 2nd day of April, 2001, before me, the undersigned, a Notary Public in and for said state, personally appeared Robert Scott Patterson and Dee Ann Patterson, known or identified to me to be the Incorporators of the corporation who executed the instrument, or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation 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.

(SEAL)



Kristine L. Wallace
Notary Public for Idaho
Residing at Boise, Idaho
My Commission Expires 2/9/05