

**ARTICLES OF INCORPORATION
OF
THE RESERVE AT LAKE CASCADE PHASE I OWNERS ASSOCIATION, INC.**

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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 The Reserve At Lake Cascade Phase I Owners Association, Inc., hereinafter called "**Association.**"

ARTICLE II

NONPROFIT STATUS

The Association is a nonprofit corporation.

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 Reserve At Lake Cascade Phase I, in Valley 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 Master Declaration of Covenants, Conditions, Restrictions and Easements for The Reserve At Lake Cascade Phase I, recorded March 7, 2005, as Instrument No. 293109, official records of Valley County, Idaho, and any supplemental rules, guidelines, and/or declaration applicable to the

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IDAHO SECRETARY OF STATE
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Development and recorded or to be recorded in the Office of Valley 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 that 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. Nothing herein contained shall be deemed to authorize or permit the Corporation to carry on any business for profit, to exercise any power, or to do any act that a corporation formed

under the Act, or any amendment thereto or substitute therefor, may not at that time lawfully carry on or do.

ARTICLE V

BOARD OF DIRECTORS

The affairs of this Association shall be managed by its Board of Directors. The number of Directors serving on the Board of Directors shall be fixed in accordance with the Association's Bylaws, which number shall not be less than three (3) individuals, each of whom need not be members 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:

<u>Name</u>	<u>Address</u>
Bradford L. Huebner	2936 Pembroke Road Toledo, OH 43606
Mark Spiers	Suite 2, Portland House Glacis Road Gibraltar Territory of United Kingdom
Dan Riley	c/o Aspen Country Mortgage 212 North 3rd Street, Suite A McCall, ID 83638

ARTICLE VI

REGISTERED OFFICE AND AGENT

The address of the initial registered office is 212 North 3rd Street, McCall, Idaho 83638, and the name of the initial registered agent of the Association is Dan Riley.

ARTICLE VII

INCORPORATOR

The incorporator and his address are as follows:

<u>Name</u>	<u>Address</u>
Timothy W. Tyree	877 Main Street, Suite 1000 Boise, Idaho 83702

ARTICLE VIII

MEMBERSHIP

The Association shall have members. Every person or other legal entity who is a record owner, whether one or more persons or legal 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. A membership in the Association shall not be assignable, except to the successor in interest of the Owner and a membership in the Association shall be appurtenant to and inseparable from the Lot owned by such Owner. A membership in the Association shall not be transferred, pledged, or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to said Lot.

ARTICLE IX

MEMBERSHIP RIGHTS AND LIABILITIES

The authorized number and qualifications of members of the Association, the different classes of members, if any, the property, voting, and other rights and privileges of members, and their liability for assessments and the method of collection thereof, shall be as set forth in the Bylaws and/or Declaration. Cumulative voting shall not be allowed.

ARTICLE X

DISSOLUTION

The Association may be dissolved as provided by law.

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, distribute all of the assets of the Association exclusively for the purposes of the Association in such manner as the Board of Directors shall determine and consistent with Idaho Code

Section 30-3-109, as amended. 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 Valley County as said court shall determine.

ARTICLE XI

NONPROFIT LIMITATIONS

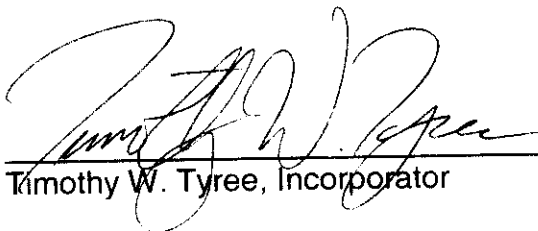
No part of the net earnings of the Association shall inure to the benefit of, or be distributable to, its members, Directors, Officers, or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and 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 528 of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE XII

BYLAWS

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

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 15 day of July, 2005.



Timothy W. Tyree, Incorporator