

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION OF

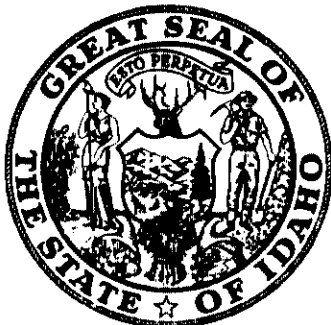
SV NEIGHBORHOOD B LOCAL ASSOCIATION, INC.

File number C 112096

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 SV NEIGHBORHOOD B LOCAL 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: September 20, 1995



Pete T. Cenarrusa
SECRETARY OF STATE

By

[Signature]

ARTICLES OF INCORPORATION

SEP 20 12 55 PM '95

OF

SECRETARY OF STATE
STATE OF IDAHO SV NEIGHBORHOOD B LOCAL ASSOCIATION, INC.

KNOW ALL PERSONS BY THESE PRESENTS:

The undersigned, for the purpose of forming a non-profit corporation under the laws of the State of Idaho in compliance with the provisions of Title 30, Chapter 3, Idaho Code, does hereby certify, declare and adopt the following Articles of Incorporation:

ARTICLE I
NAME

The name of the corporation shall be SV NEIGHBORHOOD B LOCAL ASSOCIATION, INC. (hereinafter, the "Corporation").

ARTICLE II
TERM

The period of existence and duration of the life of this Corporation shall be perpetual.

ARTICLE III
NON-PROFIT

This Corporation shall be a non-profit, membership corporation.

ARTICLE IV
REGISTERED AGENT

The location and street address of the initial registered office of this Corporation shall be 871 East Parkcenter Boulevard, Boise, Idaho 83706, and Derick O'Neill is hereby appointed the initial registered agent of the Corporation.

SECRETARY OF STATE
SEP 20/95 9:00:00 AM
CUSTOMER # 1626
ID360014758 49152
INCORPORATION NON PROFIT
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ARTICLE V
PURPOSE AND POWERS OF THE CORPORATION

This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which the Corporation is formed are to provide for certain regulations of the use of the Building Lots within the "Neighborhood B" Phase (the "Neighborhood B Phase") located in the Surprise Valley Planned Residential Development ("Surprise Valley") as designated as such in the First Supplement to the Master Declaration of Covenants, Conditions and Restrictions for Surprise Valley Planned Residential Development recorded in the official records of Ada County, Idaho as Instrument No. 95042518 (the "First Supplement"), which Building Lots are a portion of the Property covered by the Master Declaration of Covenants, Conditions and Restrictions for Surprise Valley Planned Residential Development recorded in the official records of Ada County, Idaho as Instrument No. 95042516 (the "Master Declaration"); and to promote the health, safety and welfare of the residents within Surprise Valley; and for this purpose to:

(A) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in the Master Declaration, as amended from time to time as therein provided, and the First Supplement, as amended from time to time as therein provided, said Master Declaration and First Supplement being incorporated herein as if set forth at length;

(B) Fix payment by any lawful means of all charges or Assessments pursuant to the terms of the Master Declaration and the First Supplement, and all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation;

(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 Corporation under the limitations imposed by the Master Declaration and the First Supplement;

(D) 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;

(E) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Local Common Area, provided that any such merger, consolidation or annexation shall comply with the requirements of the Master Declaration and the First Supplement; and

(F) Have and exercise any and all powers, rights and privileges which a corporation organized under the Idaho Nonprofit Corporation Act may by law now or hereafter have or exercise, subject only to limitations contained in the Master Declaration and the amendments thereto, the First Supplement and the Bylaws.

ARTICLE VI

MEMBERSHIP

Each Owner holding fee simple interest of record, and buyers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation, to any Building Lot within the Neighborhood B Phase shall be a Member of the Corporation.

Membership shall be appurtenant to and may not be separated from ownership of any Building Lot within the Neighborhood B Phase.

ARTICLE VII

VOTING RIGHTS

The Corporation shall have two (2) classes of voting memberships:

Class A Members. Class A Members shall be the Corporation's Members, excluding the Grantor, who shall be entitled to one (1) vote for each Building Lot owned by said Members.

Class B Member. Grantor shall be the Class B Member, and shall be entitled to five (5) votes for each Building Lot owned by Grantor within the Neighborhood B Phase as described in the First Supplement. The Class B Member shall cease to be a voting Member in the Corporation at the earlier of: 1) the Class B Member holds no more than twenty-five (25%) of the Building Lots within the Neighborhood B Phase; or 2) five (5) years from the date the first Building Lot within the Neighborhood B Phase is conveyed.

ARTICLE VIII

BOARD OF DIRECTORS

The affairs of this Corporation shall be managed by a Local Association Board of no less than three (3) and no more than five (5) directors, who, other than the initial directors specified herein, shall be Members of the Corporation. The number of directors may be changed by amendment of the Bylaws, but in no event shall the

number be less than three (3). The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

Peter S. O'Neill

871 East ParkCenter Blvd.
Boise, ID 83706

Derick O'Neill

871 East ParkCenter Blvd.
Boise, ID 83706

L. Edward Miller

277 North 6th Street, Suite 200
Boise, ID 83701

ARTICLE IX ASSESSMENTS

Each Member shall be liable for the payment of Assessments provided for in the Master Declaration, the First Supplement and as set forth in the Bylaws.

ARTICLE X BYLAWS

The Bylaws of this Corporation may be altered, amended, or new Bylaws adopted at any regular meeting, or any special meeting of the Corporation called for that purpose, by the affirmative votes of more than fifty percent (50%) of the total voting power of the Corporation's Members. For the purpose of specifying in detail the rights, responsibilities, duties and obligations of the Local Association Board, the officers, employees and agents of the Corporation, and the Members for the payment of Assessments, the Bylaws may incorporate by reference the provisions of the Master Declaration and the First Supplement.

ARTICLE XI DISSOLUTION

The Corporation may be dissolved at any regular meeting, or any special meeting of the Corporation called for that purpose, by the affirmative votes of no less than two-thirds (2/3) of the total voting power of the Corporation's Members. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the real property and other assets of the Corporation shall be: (i) dedicated to an appropriate public agency to be used for purposes similar to those for which the Corporation was created; or (ii) granted, conveyed and assigned to a non-profit corporation, association, trust or other organization to be devoted to such similar purposes. Notwithstanding any other provisions of these Articles, the Corporation shall not carry on any other activities not permitted by any organization exempt from

federal income tax under Section 528 of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States internal revenue law).

ARTICLE XII **AMENDMENTS**

Amendment of these Articles may be made at any regular meeting, or any special meeting of the Corporation called for that purpose, by the affirmative votes of more than two-thirds (2/3) of the total voting power of the Corporation's Members, and, if required by the Master Declaration or the First Supplement, the consent of holders of First Mortgages on Building Lot(s) within the "Neighborhood B" Phase who have requested of the Corporation in writing to provide them notice of proposed action which affects their interests. No amendment which is inconsistent with the provisions of the Master Declaration or the First Supplement shall be valid.

ARTICLE XIII **MEANING OF TERMS**

Except as otherwise defined herein, all terms appearing herein initially capitalized shall have the same meanings as are ascribed to such terms in the Master Declaration including, without limitation, "Articles", "Assessments", "Building Lot", "Bylaws", "First Mortgage", "Grantor", "Local Association Board", "Local Common Area", "Member", "Owner", "Phase", and "Property".

ARTICLE XV **INCORPORATION**

Steven R. Weeks, 277 North Sixth Street, Suite 200, Boise, Idaho 83702, shall be the incorporator of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 18th day of September, 1995.



STEVEN R. WEEKS, INCORPORATOR