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Instrument # 283342

VALLEY COUNTY, CASCADE, IDAHO

2004-05-24

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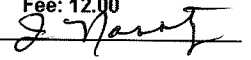
Recorded for : STEVE M.

LELAND G. HEINRICH

Fee: 12.00

Ex-Officio Recorder Deputy

Index to: MISCELLANEOUS RECORD



ARTICLES OF INCORPORATION
OF
JUG MOUNTAIN RANCH ASSOCIATION, INC.

Recorded
May 24, 2004

Prepared by:
Millemann, Pittenger, McMahan & Pemberton, LLP
706 North First Street
P.O. Box 1066
McCall, Idaho 83638

FILED EFFECTIVE

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ARTICLES OF INCORPORATION OF
JUG MOUNTAIN RANCH ASSOCIATION, INC.
A NONPROFIT CORPORATION

SECRETARY OF STATE
STATE OF IDAHO
The undersigned, acting as the incorporator of a corporation under, and pursuant to the Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code (Act) adopts the following Articles of Incorporation for the Corporation:

ARTICLE 1. Name

The name of the Corporation shall be: Jug Mountain Ranch Association, Inc. (hereinafter called the Ranch Association).

ARTICLE 2. Non-Profit Status

The Ranch Association shall be a nonprofit corporation.

ARTICLE 3. Term of Existence

The Ranch Association shall have perpetual existence.

ARTICLE 4. Definitions

Each term in these Articles of Incorporation with its first letter capitalized shall have the meaning defined for such term in the General Declaration for Jug Mountain Ranch, as it may be amended or supplemented, or as defined in these Articles of Incorporation (hereafter "Articles").

ARTICLE 5. Purposes and Powers

5.1 Purposes: The purposes for which the Ranch Association is organized are as follows:

- (a) To promote the health, safety, and welfare of all members of the Ranch Association and to establish, provide and maintain a desirable community and environment for all Owners, Lessees and Guests.
- (b) To perform the functions and provide services as set forth in the Association Documents.
- (c) To be operated exclusively for the above-stated purposes and for other non-profit purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under such Section 501(c)(3).
- (d) To exercise all powers granted by law necessary and proper to carry out the above stated purposes and to further common interests of the membership, including but not limited to the power to accept donations of money, property, whether real or personal, or any other thing of value. Nothing herein contained shall be deemed to authorize or permit the Ranch Association 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 therefore, may not at that time lawfully carry on or do.

5.2 Powers: In furtherance of the foregoing purposes, but not otherwise, the Ranch Association shall have and may exercise all of the following powers:

- (a) **Real and Personal Property.** To acquire, by gift, purchase, lease, trade or any other method, own, operate, build, manage, maintain, rent, sell, develop, encumber, and otherwise deal in and with real and personal property of every kind and character, tangible and intangible, wherever located, and interests of every sort therein, all in accordance with the Association Documents.
- (b) **Borrowing:** To borrow funds or raise moneys for any of the purposes of the Ranch Association.
- (c) **General Powers:** To do everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objects, or the furtherance of any of the powers above set forth, either alone or in connection with other corporations, firms or individuals, or agent, and to do every act or thing incidental or appurtenant to, or growing out of, or connected with, any of the aforesaid objects, purposes or powers.

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5.3 Restrictions Upon Purposes and Powers: No part of the net earnings or the assets of the Ranch Association shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons except that the Ranch 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 Section 5.1 hereof. No substantial part of the activities of the Ranch Association shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Ranch 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 Ranch 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)(3) of the Internal Revenue Code of 1986, as amended from time to time.

5.4 Dividends, Distribution, etc: The Ranch Association shall not pay any dividends. No distribution of the corporate assets to members shall be made. Upon dissolution of the Ranch Association, the assets shall be distributed as provided in Article 11 herein.

ARTICLE 6. Registered Office and Agent

The operations of the Ranch Association shall be conducted at such places within or outside of the United States as may from time to time be determined by the board of directors. The address of the principal office of the Ranch Association is 1101 N. 3rd Street, McCall, Idaho 83638. The address of the initial registered agent of the Ranch Association is 411 Lenora Street, Suite D, McCall, Idaho 83638. The name of its initial registered agent at such address is William C. McMurray.

ARTICLE 7. Membership and Voting

7.1 Membership: The following shall be Members of the Ranch Association: (1) each Owner of a Unit within Jug Mountain Ranch; (2) each Lessee with an interest in a Leased Premises which carries a Class B Village Membership; (3) Jug Mountain Ranch LLC (the Class C-Golf Member and the Class D-Declarant Member); and, (4) up to four Declarant-Assignees. Said Members shall be allocated among five classes of membership, as defined and described in the Bylaws, and which are made up of two classes of regular membership and three classes of priority membership. The two classes of regular membership are as follows: (1) Class A-Residential; and, (2) Class B-Village. The three classes of priority membership are as follows: (1) Class C-Golf; (2) Class D-Declarant; and, (3) Class E-Declarant-Assignee.

7.2 Voting: Each class of membership shall be entitled to vote as defined and described in the Bylaws.

ARTICLE 8. Assessments

Assessments shall be levied against the Members in accordance with the Declaration and the Bylaws. The amount and method of collection of said assessments shall be as provided in the Declaration and Bylaws. Assessments may be made enforceable by civil action or by the forfeiture of membership, or both, upon notice given in writing twenty (20) days before commencement of such action or such forfeiture, as further provided in the Bylaws. Assessments may be secured by a lien upon real property to which membership rights are appurtenant, and action may be brought to foreclose any such lien.

ARTICLE 9. Board of Directors

9.1 Number Tenure And Qualifications: The control and management of the Ranch Association and the disposition of its funds and property shall be vested in a Board of Directors consisting of not less than three nor more than nine directors who need not be members of the Ranch Association, the exact number to be determined pursuant to the Bylaws. Directors shall be elected or appointed in the manner and for the terms set forth in the Bylaws. The number of directors may be changed by amendment to the Bylaws in the manner set forth therein.

9.2 Initial Board: The name and mailing address of the persons constituting the initial Board of Directors is as follows:

	<u>NAME</u>	<u>ADDRESS</u>
Class D-Golf:	Ruth Carey	1101 N. 3 rd Street, McCall, Idaho 83638
Class F-Declarant:	D. John Carey	1101 N. 3 rd Street, McCall, Idaho 83638
Class F-Declarant:	William C. McMurray	1101 N. 3 rd Street, McCall, Idaho 83638

ARTICLE 10. Officers

The Ranch Association shall have such officers as may from time to time be prescribed by the Bylaws. Their terms of office and the manner of their designation or selection shall also be determined by the Bylaws from time to time in effect.

ARTICLE 11. Dissolution

The Ranch Association may be dissolved only by the Affirmative Vote of a Majority of the Classes. Written notice of a proposal to dissolve, setting forth the reasons therefore and the disposition to be made of the assets, as set forth below, shall be mailed to every member at least 90 days in advance of any action taken. Upon dissolution of the Ranch Association, the assets, both real and personal of the corporation, shall be dedicated to an appropriate public agency or agencies or utility or utilities to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Ranch Association. In the event that such dedication is not accepted, such assets shall be granted, conveyed and assigned to such organization or organizations as shall at the time qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time, and which is devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Ranch Association. Any such assets not so distributed shall be distributed by the district court of the county in which the principal office of the Ranch Association is then located, exclusively for such purposes or to such organizations, as such court shall determine to be consistent with the purposes of the Ranch Association. No disposition of Ranch Association properties pursuant to this Article shall be effective to divest or diminish any right or title of any member vested in him under the recorded covenants and deeds applicable to Jug Mountain Ranch unless made in accordance with the provisions of such covenants and deeds.

ARTICLE 12. Bylaws

The initial Bylaws of the Jug Mountain Ranch Association, Inc. shall be as adopted by its board of directors. The board shall have power to alter, amend or repeal the Bylaws as provided therein. The Bylaws may contain any provisions for the regulation or management of the affairs of the Ranch Association which are not inconsistent with law, the Declaration or these Articles, as the same may from time to time be in force and effect.

ARTICLE 13. Amendment

The Ranch Association reserves the right to amend, alter, change or repeal any provision contained in these articles of incorporation by, unless a higher or different voting requirement is set forth herein with respect to any particular provision, the Affirmative Vote of a Majority of the Classes at any regular or special meeting called for that purpose; provided that any such amendment shall not be inconsistent with the Declaration or the Bylaws as from time to time in force and effect.

ARTICLE 14. Incorporator

The name and address of the incorporator is: D. John Carey, 1101 N. 3rd Street, McCall, Idaho 83638.

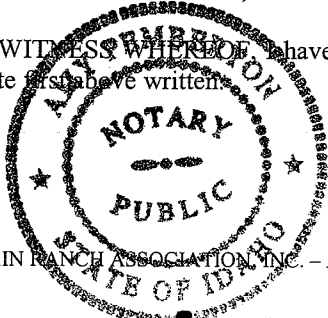
DATED this 14th day of April, 2004.

[Signature]
D. John Carey, Incorporator

STATE OF IDAHO,)
(ss.
County of Valley.)

On this 14th day of April, 2004, before me, Ann Pemberton, a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the person whose name is subscribed to the within 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.



[Signature]
NOTARY PUBLIC FOR IDAHO
Residing at: McCall, ID
My Commission Expires: 5/9/2009