

EXHIBIT "B"

ARTICLES OF INCORPORATION
OF
Condominium Owners at Mill River, Inc.

KNOW ALL PERSONS BY THESE PRESENTS: That the undersigned, Mill River Investments, LLC, a limited liability company in good standing organized under the laws of the State of Idaho, has this day formed this nonprofit organization without capital stock, under and pursuant to Title 30, Chapter 3 of the laws of the State of Idaho, and does with this make, acknowledge and declare the following to be the Articles of Incorporation.

ARTICLE ONE

The name of the corporation shall be:
Condominium Owners at Mill River, Inc.

ARTICLE TWO

This corporation is a nonprofit corporation, and shall have no capital stock; and no dividends or pecuniary profits shall be declared to the members thereof. Every person or entity who is a Owner of record of any Unit in The Condos at Mill River located within the City of Coeur d'Alene, County of Kootenai, State of Idaho shall be entitled to membership and voting rights within the Corporation in accordance with its Bylaws, subject to the conditions for Membership set forth in Article Five hereof. Membership in said Corporation is appurtenant to, and inseparable from, ownership of the Unit.

ARTICLE THREE

The duration of this Corporation is perpetual. If the Corporation is hereafter dissolved, the assets of the Corporation shall be transferred and dedicated to a nonprofit organization with similar purposes which qualifies in accordance with Section 5.01(c)(3) of the Internal Revenue Code, or to a political subdivision of the State of Idaho or governmental agency of the United States of America which designated transferee shall be included and set forth in the Articles of Dissolution.

ARTICLE FOUR

This Corporation is not organized for profit and no part of gains or earnings shall inure to its members. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operations, administration, maintenance, repair, improvement, preservation and architectural control of The Condos at Mill River situated in the City of Coeur

d'Alene, County of Kootenai, State of Idaho and to promote the health, safety and welfare of all property owners within the Property as defined in the Declaration of The Condos at Mill River, hereinafter referred to as "Declaration", recorded in the records of Kootenai County and any additions thereto as may hereafter be brought within the jurisdiction of this corporation for such purposes. For the purpose of these Articles and other corporate documents, the definitions specified in the Declaration shall be applicable.

The specific objects and purposes for which this corporation is formed are as follows:

1. To provide an entity by which the rights and obligations granted to the Condominium Owners at Mill River, Inc. may be administered;
2. Perform all of the duties and obligations of the Corporation as set forth in that certain Declaration of The Condos at Mill River, hereinafter referred to as "Declaration".
3. Fix, levy collect, and enforce assessments and fines as set forth in the Declaration or Bylaws, in a fair and equitable fashion and secure the payment of assessments through liens upon real property as allowed under Idaho law.
4. Pay all expenses and obligations incurred by the Corporation in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Corporation's property;
5. Acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation;
6. Make contracts and incur liabilities, 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.
7. Dedicate, sell, transfer or grant easements over all or part of any of the Corporation's property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members;
8. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional property to the property managed by the Corporation;
9. Litigate, mediate, arbitrate any and/or all corporate rights and obligations specified in law and/or by the Articles and Bylaws of the Corporation and/or Declaration of The Condos at Mill River. This Corporation in addition to other provisions, may provide for the qualification of members, the terms and conditions of admission, the time, mode, condition and effect of expulsion or withdraw from restoration of membership, admission fees, charges and assessments; and for reimbursement for services rendered to and expenses incurred on behalf of the Corporation by any

member or officer of the Corporation, and such other rules and regulations as are not repugnant to the laws of the State of Idaho;

10. Have and exercise any and all powers, rights and privileges which a corporation organized under the Idaho Nonprofit Corporation Act law.

11. To undertake any such other purpose as deemed advisable or necessary by the Corporation in furtherance of the Corporation, and to undertake any and all such other acts which may be permitted by law.

ARTICLE FIVE

1. Non-Stock Corporation. Participation in management and ownership of the Corporation shall be by membership only. The Corporation shall issue no stock and shall have no shareholders.

2. Membership. The Owner of a Unit in The Condos at Mill River shall automatically upon becoming an owner of a Unit located in The Condos at Mill River, be a member of the Corporation, and shall remain a member thereof until such time as his or her ownership ceases for any reason, including in the event membership is suspended or terminated, at which time his or her membership in the Corporation shall automatically cease. Membership shall be in accordance with the Declaration, Articles of Incorporation and the Bylaws. The Declarant shall obtain membership rights for each projected Unit as specified in the Declaration upon recording of the Declaration.

3. Transferred Membership. Membership in the Corporation shall not be transferred, pledged, or alienated in any way, except upon the transfer of the ownership of the Unit in The Condos at Mill River to which it is appurtenant, and then only to the new owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his or her name to the purchaser of his or her Unit, the Corporation shall have the right and authority to transfer the membership to purchaser and to record the transfer upon the books; thereupon the old membership outstanding in the name of the seller shall be null and void.

4. Voting Membership. The Corporation shall have multiple classes of voting membership established according to the following provisions:

A. Class "A" Membership. Class "A" membership shall be that held by each Owner of a completed Unit in The Condos at Mill River other than the Declarant or its successors in interest with respect to the Project. Each Class "A" member shall be entitled to one (1) vote for each owned Unit located on the Property. When more than one person has an interest in any Unit ("co-owner"), all such co-owners shall be members and may attend any meeting of the Corporation, but only one such co-owner shall be entitled to exercise the vote to which the Unit is entitled. Such co-owners may from time to time designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Unit shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if such designation has been revoked, the vote for such Unit shall

be exercised as a majority of the co-owners of the Unit mutually agree. Unless the Board receives a written objection from a co-owner, it shall be presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for any Unit where the majority of the co-owners present in person or by proxy and representing such Unit cannot agree to said vote or other action. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned lot and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the Bylaws, shall be deemed to be binding on all Owners, their successors and assigns.

B. Class "B" Membership. The Class "B" Member shall be that held by the Declarant. Declarant shall be entitled to ten (10) votes for each Unit owned by Declarant. The Class B Membership shall cease and be converted to Class A Membership on the happening of the earliest of the following events:

- i. At such time as ninety percent (90%) of all Units available for sale or included within the Property, including any units of subsequent phases made a part of the Association, have been deeded to owners other than the developer; or
- ii. Seven (7) years from the date of recording the Declaration; or
- iii. Upon Declarant's written relinquishment of its Class B Membership.

5. Non-Voting Class of Membership. Contractors owning a portion of the Property which is lawfully platted but does not have completed Units as defined by a certificate of occupancy issued by the local government with jurisdiction over a Unit shall have no vote until the Unit is completed. Upon completion of a Unit, Contractors shall become Class "A" members for each completed Unit in accordance with the criteria specified above.

6. Additional Classes of Membership. If this Corporation desires to add additional classes of membership, it may do so through the corporate Bylaws. Nothing in these Articles shall prohibit the institution of additional classes.

7. Limitation of Payment to Dissenting Member. Membership in the Corporation is appurtenant to and cannot be segregated from ownership of a Unit within the jurisdiction of the Corporation. Except upon dissolution of the Corporation, a dissenting member shall not be entitled to any return of any contribution or other interest in the Corporation.

ARTICLE SIX

The registered agent for the corporation shall be STEVE WHITE.

ARTICLE SEVEN

The registered office and initial mailing address of the Corporation shall be 580 Capstone Court, Hayden, ID 83835.

ARTICLE EIGHT

The Board of Directors of this corporation is specifically authorized to fix the amount of assessments and charges to the member and to determine or implement the method of collection thereof, and to make such charges and assessments payable at such time or intervals and upon such notice and such methods that the Directors may so prescribe.

ARTICLE NINE

So long as there is a Class "B" membership still in effect, the Bylaws shall be amended only by the vote or written assent of at least one-half ($\frac{1}{2}$) of a quorum of the voting power of each class membership except in the instance of a special right to amend as specified in the Declaration. In the case of a special right to amend, a majority vote of Class "B" membership shall be sufficient to amend.

Following the conversion of all Class "B" membership to Class "A" membership, the By-Laws may be altered, amended, repealed or new By-Laws adopted at any regular meeting of the Members or at any special meeting thereof if notice of the proposed alteration or repeal to be made is contained in the notice of such special meeting, by the affirmative vote of a majority of the members entitled to vote thereat, or by the affirmative vote of a majority of the Board at any regular meeting of the Board or at any special meeting of the Board if notice of the proposed alteration or repeal to be made is contained in the notice of such special meeting.

However, in the event the amendment is of a material nature and is agreed to by a majority of Owners, then the amendment must also be approved by fifty-one percent (51 %) of First Mortgagees who have submitted a written request that the Association notify them of any proposed action of a material nature as set forth in the Section below.

ARTICLE TEN

So long as there is a Class "B" membership still in effect, these Articles shall be amended only by the vote or written assent of at least one-half ($\frac{1}{2}$) of a quorum of the voting power of each class membership except in the instance of a special right to amend as specified in the Declaration. In the case of a special right to amend, a majority vote of Class "B" membership shall be sufficient to amend. A quorum shall be five percent (5%) of eligible votes Class "A" membership and fifty percent (50%) of eligible Class "B" membership.

Following the conversion of all Class "B" membership to Class "A" membership, amendment of these Articles of Incorporation shall require an affirmative vote of not less than two-thirds ($\frac{2}{3}$) a quorum of the total voting power of the Corporation; provided however, that the percentage of

the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for the action to be taken under said clause or provision.

However, in the event the amendment is of a material nature and is agreed to by Owners who represent at least two-thirds (2/3) of the total allocated votes in the Association, then the amendment must also be approved by fifty-one percent (51 %) of First Mortgagees who have submitted a written request that the Association notify them of any proposed action of a material nature. A change to any of the following provisions of the Declaration, Articles or Bylaws of the Project or Association would be considered of a material nature:

- A. Termination of Declaration or legal status of Project;
- B. Voting rights;
- C. Increases in regular or special assessments that raise the previously assessed amount by more than twenty-five percent (25 %), assessment liens or the priority of assessment liens;
- D. Reductions in reserves for maintenance, repair and replacement of Common Areas;
- E. Responsibility for maintenance and repairs;
- F. Reallocation of interest in the Common Areas, or Limited Common Areas, or rights to use of such Area;
- G. Redefinition of any Unit boundaries;
- H. Convertibility of Units into Common Areas or vice versa;
- I. Expansion or contraction of the Project, or the addition, annexation, or withdrawal of property to or from the Project;
- J. Hazard or fidelity insurance requirements;
- K. Imposition of any restrictions on the leasing of Units;
- L. Imposition of any restriction on a Unit Owner's right to sell or transfer Owner's interest in the Unit;
- M. Establishment of self-management if professional management had been required previously by the Project Documents or by an eligible mortgage holder;
- N. Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Documents; or

- O. Any provision that expressly benefits First Mortgagees.

ARTICLE ELEVEN

The business of this Corporation shall be managed by a Board of Directors of not less than three (3) nor more than five (5) directors. The qualifications, terms of office, method of election, powers and duties of such directors shall be such as may be prescribed by law, these Articles and such Bylaws as may, from time to time, be enacted.

ARTICLE TWELVE

The following named persons shall serve as the Board of Directors until their successors are duly elected and qualified, to-wit:

Steve White
Mill River Investments, LLC
580 Capstone Court
Hayden, ID 83835

Greg Gervais
Mill River Investments, LLC
580 Capstone Court
Hayden, ID 83835

Lisa Dunham
Mill River Investments, LLC
580 Capstone Court
Hayden, ID 83835

During the period of Declarant Control, as defined and set forth in the Declaration, Declarant/Grantor shall have the right to appoint or remove any officer of the Association or any member of the Board of Directors.

ARTICLE THIRTEEN

The name and address of the incorporator is as follows:

Mill River Investments, LLC
580 Capstone Court
Hayden, ID 83835

IN WITNESS WHEREOF, these Articles of Incorporation are executed in duplicate on this 2nd day of JUNE, 2006.

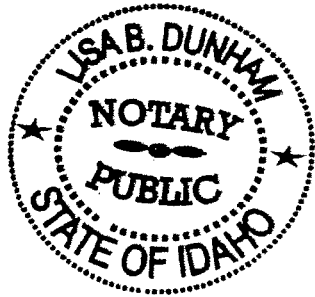
MILL RIVER INVESTMENTS, LLC

By: 
STEVE WHITE, Member

By: 
GREG GERVAIS, Member

STATE OF IDAHO)
)ss
COUNTY OF KOOTENAI)

On this 2nd day of June, 2006, before me, a Notary Public in and for said State, personally appeared STEVE WHITE and GREG GERVAIS, known or identified to me to be Members of MILL RIVER INVESTMENTS, LLC, that they executed the within instrument on behalf of said limited liability company and acknowledged to me that such limited liability company executed the same.



Lisab. Dunham
NOTARY PUBLIC for the State of Idaho
Residing at: Hayden, Idaho
My Commission Expires: 2/18/2011