

**ARTICLES OF INCORPORATION
OF
TERRACE LAKES WATER COMPANY**

06 MAY -4 AM 8:04

SECRETARY OF STATE
STATE OF IDAHO

The undersigned, acting as Incorporator of a Company under the Idaho Nonprofit Corporation Act of the State of Idaho, does hereby adopt the following Articles of Incorporation:

ARTICLE I.

The name of the Company is Terrace Lakes Water Company ("Company").

ARTICLE II.

The registered office of the Corporation is: 950 North Cole Road, Boise, Idaho 83704.

ARTICLE III.

The Company is organized and formed as a non-profit corporation under the laws of the State of Idaho with perpetual duration for the purpose of acquisition, construction, management, maintenance, and care of wells and a domestic water distribution facility to service the domestic needs of member lots located in the Member Subdivisions, within the meaning of Section 528 of the Internal Revenue Code of 1986 ("IRC"), as amended from time to time.

No part of the net earnings of the Company shall inure to the benefit of or be distributable to its Members, Trustees, Directors, Officers, or other private persons, except that the Company 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 herein. No substantial part of the activities of the Company shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Company shall not participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, the Company shall not carry on any other activities not permitted to be carried on (a) by an organization qualified under Section 528 of the IRC or corresponding Section of any future Federal Tax Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the IRC or corresponding Section of any future Federal Tax Code.

The Company shall not discriminate in offering its services on the basis of race, color, creed, national origin, or ethnic origin. The Company shall be authorized to carry on such supplemental and attendant activities as the Board of Directors may deem appropriate and prudent consistent with the purposes herein stated but not inconsistent with any prohibitions contained herein. In furtherance of these ends, the Company may take and hold by bequest, devise, gift, grant, purchase, lease, or otherwise, any property, real or personal, tangible or intangible, or any undivided interest therein, without limitation as to amount or value, and to sell, convey, or otherwise dispose of any such property, and to invest, reinvest, or deal with the principal or the income thereof in such manner as, in the judgment of the Board of Directors, will best promote the purposes of the Company heretofore stated, without limitation, except

IDAHO SECRETARY OF STATE
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those limitations, if any, as may be contained in the instrument under which such property is received, these Articles, and any laws applicable hereto.

The Company shall have the power and authority to do any other act or thing incidental or connected with the foregoing purposes or in advancement thereof, but not for the pecuniary profit or financial gain of its Members, Trustees, Directors, or Officers except as may be permitted under the Idaho Nonprofit Corporation Act, and, in furtherance of its corporate powers, the Company shall have all of the general powers afforded a Company under and pursuant to the provisions of the Idaho Nonprofit Corporation Act.

ARTICLE IV.

Any person owning real property in the subdivisions known as Terrace Lakes Recreation Ranch units No. 1 through 13 or Timbers One, (hereinafter "Member Subdivisions") both of which are located in Boise County, Idaho, may be a Member of the Company. The Company will not have voting Members.

ARTICLE V.

The number of directors, their term and method of selection shall be as established within the Bylaws.

The initial Board of Directors shall be:

Ilene Johnson
950 North Cole Road
Boise, Idaho 83704

Val Wardle
5316 N. Castle Creek
Boise, Idaho 83713

Lonnie Bramon
8 Rainbow Ridge
Garden Valley, Idaho 83622

ARTICLE VI.

The initial registered agent and her street address is:

Ilene Johnson
950 North Cole Road
Boise, Idaho 83704

ARTICLE VII.


Upon dissolution of the Company, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Company, distribute all the assets of the Company consistent with the purposes of the Company to such organization or organizations as shall at that time qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time, in such manner as the Board of Directors shall determine. Any such assets not so distributed shall be distributed by the district court of the county in which the principal office of the Company is then located, exclusively for such purposes or to such organizations as such court shall determine to be consistent with the purposes of the Company.

ARTICLE VIII.

The name and address of the Incorporator are:

Ilene Johnson
950 North Cole Road
Boise, Idaho 83704

IN WITNESS WHEREOF, The undersigned Incorporator has set her hand hereto as
of this 3 day of May, 2006.



Ilene Johnson, Incorporator