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SECRETARY OF STATE  
STATE OF IDAHO

**ARTICLES OF INCORPORATION**

**OF**

**GarageTown Coeur d'Alene II Owners Association, Inc.**

KNOW ALL PERSONS BY THESE PRESENTS: That the undersigned, Neighborhood, Inc., a corporation 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:

GarageTown Coeur d'Alene II Owners Association, 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 GarageTown Coeur d'Alene II located within the City of Huetter, 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,

ARTICLES OF INCORPORATION

IDAHO SECRETARY OF STATE  
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improvement, preservation and architectural control of GarageTown Coeur d'Alene II situated in the City of Huetter, 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 GarageTown Coeur d'Alene II, 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 GarageTown Coeur d'Alene II Owners Association, Inc. may be administered;
2. Perform all of the duties and obligations of the Corporation as set forth in that certain Declaration of Condominium for GarageTown Coeur d'Alene II, 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 Condominium for GarageTown Coeur d'Alene II. 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 GarageTown Coeur d'Alene II shall automatically upon becoming an owner of a Unit located in GarageTown Coeur d'Alene II, 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 GarageTown Coeur d'Alene II 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 GarageTown Coeur d'Alene II 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 CLIFFORD E. MORT.

#### ARTICLE SEVEN

The registered office and initial mailing address of the Corporation shall be 3201 North Huetter Road, Coeur d'Alene, ID 83814.

#### 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

Initial Bylaws for the administration of the Association and the management of the Condominium, and for other purposes not inconsistent with the Act, the Declaration or these Articles, shall be adopted by the Declarant, and may be amended according to the terms set forth therein.

#### 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 ( $\frac{2}{3}$ ) of 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 ( $\frac{2}{3}$ ) 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:

Clifford A. Mort  
Neighborhood, Inc.  
3201 North Huetter Road  
Coeur d'Alene, ID 83814

Thomas A. Johnson  
Neighborhood, Inc.  
3201 North Huetter Road  
Coeur d'Alene, ID 83814

Janae Gravelle  
Neighborhood, Inc.  
3201 North Huetter Road  
Coeur d'Alene, ID 83814

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:

Neighborhood, Inc.  
3201 North Huetter Road  
Coeur d'Alene, ID 83814

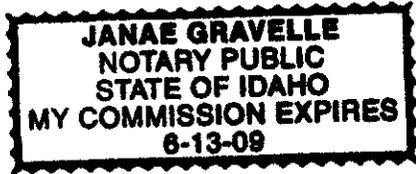
IN WITNESS WHEREOF, I, the undersigned, being the President of Neighborhood, Inc., the incorporator hereinabove mentioned, hereunto set my hand and seal this 7th day of June, 2006.

NEIGHBORHOOD, INC.

By: Clifford E. Mort, pres  
CLIFFORD E. MORT, President

STATE OF IDAHO )  
 ) ss  
COUNTY OF KOOTENAI )

On this 7<sup>th</sup> day of JUNE, 2006, before me, a Notary Public in and for said State, personally appeared CLIFFORD E. MORT, known or identified to me to be the President of Neighborhood, Inc., that he executed the within instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.



Janae Gravelle  
Notary Public For Idaho  
Residing at: RATHBURN  
Commission Expires: 6/13/09