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ARTICLES OF INCORPORATION

OF

MYSTIC COVE HOMEOWNERS' ASSOCIATION, INC.

01 JAN 23 AM 8:35
IDaho STATE
BOISE

The undersigned, for the purpose of forming a nonprofit 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 OF CORPORATION**

The name of the corporation shall be **MYSTIC COVE HOMEOWNERS' ASSOCIATION, INC.** (hereafter, the "Association" or the "Corporation").

**ARTICLE II
NONPROFIT**

This Corporation shall be a nonprofit, membership corporation.

**ARTICLE III
REGISTERED OFFICE**

The initial registered office of the Association is located at 416 S. 8th Street, Suite 101, Boise, Idaho 83702.

**ARTICLE IV
REGISTERED AGENT**

Tom Lay, whose address is 416 S. 8th Street, Suite 101, Boise, Idaho 83702, is hereby appointed the initial registered agent of the Association.

**ARTICLE V
PURPOSE AND POWERS OF THE ASSOCIATION**

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance and preservation of the residential Lots and Common Area located within the Mystic Cove subdivision in Garden City, Idaho.

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And to promote the health, safety and welfare of the owners and residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association and for this purpose to:

(a) exercise all of the power and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions, Restrictions and Easements (hereinafter the "Declaration"), applicable to the property and recorded or to be recorded in the office of the Recorder, Ada County, Idaho, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(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 Association under the limitations imposed by the Declaration;

(d) borrow money, and with the assent of sixty-six percent (66%) of each class of members of the Association, 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) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument has been signed by sixty-six percent (66%) of each class of members of the Association, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall comply with the requirements of the Declaration; and

(g) have and to exercise any and all powers, rights and privileges which a corporation organized under the Idaho Non-Profit Corporation Act may by law now or hereafter have or exercise, subject only to the limitations contained in the Bylaws and the Declaration and the amendments and supplements thereto.

ARTICLE VI MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including sellers under executory contracts of sale, shall be a member of the Association. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. There shall be one (1) membership in the Association for each Lot.

ARTICLE VII VOTING RIGHTS

The Association shall have two classes of voting membership.

Class A. Class A members shall be all Owners of Lots within the Mystic Cove Subdivision, with the exception of the Grantor, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons or entities shall be members of the Association. The vote for such Lot shall be exercised as the Owners of such Lot determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Cumulative voting is not permitted. Grantor shall become a Class A member when the Class B membership ceases as described below.

Class B. The Class B member of the Association shall be the Grantor (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned by Grantor. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when ninety-five percent (95%) of the Lots have been conveyed by deed to Owners other than Declarant; or
- (b) on December 31, 2005.

ARTICLE VIII BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of three (3) Directors, who need not be members of the Association. The number of directors may be changed by amendment of the Bylaws of the Association, 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:

<u>NAME</u>	<u>ADDRESS</u>
Tom Lay	416 S. 8th Street, Suite 101 Boise, Idaho 83702
Diane Goldberg	416 S. 8th Street, Suite 101 Boise, Idaho 83702
Lisa Leiby	416 S. 8th Street, Suite 101 Boise, Idaho 83702

At the first annual meeting the members shall elect one director for a term of one year, one director for a term of two years, and one director for a term of three years; and at each annual meeting thereafter the members shall elect one director for a term of three years.

ARTICLE IX ASSESSMENTS

Each Member shall be liable for the payment of Assessments provided for in the Declaration and as set forth in the Bylaws of the Corporation.

ARTICLE X DURATION

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

ARTICLE XI DISSOLUTION

The Association may be dissolved at any duly noticed regular meeting, or any special meeting of the Association called for that purpose, by the affirmative votes of not less than seventy-five percent (75%) of each class of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the real property and other assets of the Association shall be: (i) dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created; or (ii) granted, conveyed and assigned to a nonprofit corporation, association, trust or other organization to be devoted to such similar purposes; or (iii) distributed to the Owners of Lots to be held by them as tenants in common in proportion to the number of Building Lots within the Subdivision. The determination of the liquidating distribution of the real property and other assets of the Association as provided above, shall be determined by vote of a majority of the Owners of Lots as part of the Member vote on dissolution. No part of the monies, properties or assets of the Association, upon dissolution or otherwise, shall inure to the benefit of any private person or individual or any Member of the Association. Notwithstanding any other provisions of these Articles, the Association shall not

carry on any other activities not permitted by an 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 of Incorporation may be made at any duly noticed regular meeting, or any special meeting of the Association called for that purpose, by the affirmative votes of not less than seventy-five percent (75%) of each class of Members and, if required by the Declaration, the consent of holders of first mortgages on Lots who have requested of the Association in writing to provide them notice of proposed action which affects their interests. No amendment which is inconsistent with the provisions of the Declaration shall be valid. As long as there is a Class B membership, the following actions will require the prior approval of the U.S. Department of Housing and Urban Development or the Veterans Administration: annexation of additional properties; mergers and consolidations; mortgaging of Common Area; and dissolution and amendment of these Articles.

ARTICLE XIII MEANING OF TERMS

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

ARTICLE XIV INCORPORATORS

Stephanie A. Balzarini, 101 South Capitol Boulevard, 10th Floor, Post Office Box 829, Boise, Idaho 83701, shall be the incorporator of the Corporation.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Idaho, I, the undersigned, the incorporator of this Association, have executed these Articles of Incorporation this 22 day of January, 2001.


Stephanie A. Balzarini