

State of Idaho

Department of State.

CERTIFICATE OF INCORPORATION OF

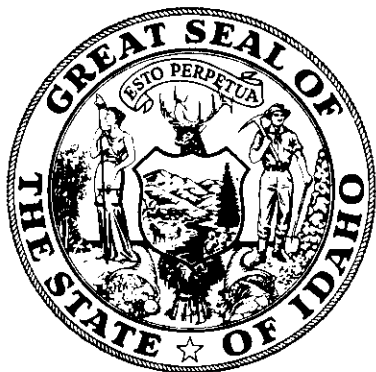
_____ **THE WATERS EDGE CONDOMINIUMS, INC.** _____

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Incorporation for the incorporation of _____

_____ **THE WATERS EDGE CONDOMINIUMS, INC.** _____, duly signed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated February 6, 19 80.



Pete T. Cenarrusa
SECRETARY OF STATE

Corporation Clerk

FILED

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THE WATERS EDGE CONDOMINIUMS, INC., ARTICLES -

PAGE 1

SECRETARY OF STATE

THE WATERS EDGE CONDOMINIUMS, INC.

KNOW ALL MEN BY THESE PRESENTS: THAT WE, THE UNDERSIGNED, BEING NATURAL PERSONS OF ALL AGE AND CITIZENS OF THE UNITED STATES, IN ORDER TO FORM A CORPORATION PURSUANT TO SECTIONS 20-1001, IDAHO CODE, WHICH CORPORATION SHALL BE A NON-PROFIT COOPERATIVE ASSOCIATION, FOR THE PURPOSES HEREINAFTER STATED, UNDER AND PURSUANT TO THE PROVISIONS OF CHAPTER 10, TITLE 20, IDAHO CODE, AND THE GENERAL CORPORATION LAWS OF THE STATE OF IDAHO, EXCEPT WHERE THEY MAY BE IN CONFLICT WITH THE ABOVE-REFERRED TO SECTIONS, AND ALL THE ACTS AMENDATORY THEREOF AND SUPPLEMENTAL THERETO, DO HEREBY CERTIFY AS FOLLOWS:

ARTICLE 1.

NAME AND ADDRESS:

THE NAME OF THE CORPORATION SHALL BE THE WATERS EDGE CONDOMINIUMS, INC. FOR CONVENIENCE, THE CORPORATION SHALL BE REFERRED TO IN THIS INSTRUMENT AS THE "ASSOCIATION". THE BUSINESS ADDRESS OF THE ASSOCIATION SHALL BE 300 LENOVA STREET, MCALL, IDAHO 83688.

ARTICLE 2.

DEFINITIONS:

FOR PURPOSES OF THESE ARTICLES, THE FOLLOWING WORDS AND TERMS SHALL BE ACCORDED DEFINITIONS AS FOLLOWS:

ARTICLES: THESE ARTICLES OF INCORPORATION OF THE ASSOCIATION WHICH HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE OF THE STATE OF IDAHO.

ASSOCIATION: THIS NON-PROFIT CORPORATION, OR ANY SUCCESSOR THEREOF, FORMED FOR THE PURPOSE OF ADMINISTERING THE CONDOMINIUM DECLARATION AND ASSUMING THE DUTIES AND OBLIGATIONS SET FORTH THEREIN.

ASSOCIATION ASSESSMENTS: THOSE REGULAR, SPECIAL AND LIMITED ASSESSMENTS TO BE DETERMINED BY THE BOARD AND LEVIED ON OWNERS OF CONDOMINIUM UNITS WITHIN THE PROJECT.

ASSOCIATION PROPERTIES: ALL REAL AND PERSONAL

PROPERTY IN WHICH THE ASSOCIATION NOW OR HEREAFTER OWNS AN INTEREST OR WHICH IS LEASED BY THE ASSOCIATION FOR THE USE OF ITS MEMBERS.

ASSOCIATION ROLLS: THE OFFICIAL RECORD OF OWNERS/MEMBERS OF UNITS WITHIN THE ASSOCIATION, REGULARLY KEPT AND MAINTAINED UNDER THE DIRECTION AND SUPERVISION OF THE BOARD.

BOARD: THE BOARD OF DIRECTORS OF THIS CORPORATION.

BY-LAWS: THE BY-LAWS OF THIS CORPORATION WHICH HAVE BEEN OR SHALL BE ADOPTED BY THE BOARD.

COMMON AREA: MEANS THE ENTIRE PROJECT EXCEPTING ALL UNITS.

COMMON AREA: MEANS THE ENTIRE PROJECT EXCEPTING ALL UNITS.

CONDOMINIUM: A CONDOMINIUM AS DEFINED IN SECTION 55-1012 OF THE IDAHO CODE, I.E. AN ESTATE CONSISTING OF (1) AN UNDIVIDED INTEREST IN COMMON REAL PROPERTY, IN AN INTEREST OR INTERESTS IN REAL PROPERTY, OR IN ANY COMBINATION THEREOF, TOGETHER WITH (2) A SEPARATE INTEREST IN REAL PROPERTY, IN AN INTEREST OR INTERESTS IN REAL PROPERTY, OR IN ANY COMBINATION THEREOF.

CONDOMINIUM PROJECT: A PROJECT AS DEFINED IN SECTION 55-1503(B) OF THE CONDOMINIUM ACT OF THE STATE OF IDAHO, I.E. THE ENTIRETY OF AN AREA DIVIDED OR TO BE DIVIDED INTO CONDOMINIUMS.

GRANTORS: LARRY J. MELLHARE AND DRANE K. MELLHARE, HUSBAND AND WIFE, AND TERRY L. GUSTAVEL AND PATRICIA A. GUSTAVEL, HUSBAND AND WIFE.

DEVELOPMENT: THE PROJECT TO BE CARRIED OUT BY GRANTORS, (OR THAT PROCESS) RESULTING IN THE IMPROVEMENT OF THE CONDOMINIUM PROJECT, INCLUDING LANDSCAPING, CONSTRUCTION OF ROADWAYS, UTILITY SERVICES, CONSTRUCTION OF DRELLING UNITS, FACILITIES TO BE USED IN CONNECTION WITH THE PROJECT AND OTHER IMPROVEMENTS.

LIMITED COMMON AREAS: MEAN THOSE COMMON AREAS AND FACILITIES DESIGNATED IN THE DECLARATION FOR USE OF A CERTAIN CONDOMINIUM OWNER OR OWNERS TO THE EXCLUSION, LIMITATION OR RESTRICTION OF OTHERS.

MANAGEMENT BODY: MEANS ANY PERSON OR PERSONS MANAGING

A PROJECT, AND INCLUDES THE CONDOMINIUM OWNERS ACTING THEMSELVES, A CORPORATION OR ASSOCIATION OF WHICH THE OWNERS ARE MEMBERS OR STOCKHOLDERS, A BOARD OF GOVERNORS OR DIRECTORS ELECTED BY THE OWNERS, OR A MANAGEMENT AGENT SELECTED BY THE OWNERS, BY THE CORPORATION OR ASSOCIATION, OR BY THE BOARD, OR NAMED IN THE DECLARATION.

OWNER: THE RECORD OWNER, WHETHER ONE OR MORE PERSONS OR ENTITIES, OF A FEE SIMPLE TITLE TO ANY REAL PROPERTY IN THE PROJECT, INCLUDING CONTRACT SELLERS; PROVIDED, HOWEVER, THAT PRIOR TO ANY CONVEYANCE OF ANY PART OR PORTION OF AN AREA SUBJECT TO THE MASTER DECLARATION THE OWNER OF SUCH AREA SHALL BE THE GRANTOR.

OWNER-PURCHASER: A PERSON OTHER THAN THE GRANTOR WHO HAS PURCHASED A UNIT AND IS PRESENTLY THE RECORD OWNER.

PERSON: MEANS ANY INDIVIDUAL OR ANY CORPORATION, JOINT VENTURE, LIMITED PARTNERSHIP, PARTNERSHIP, FIRM, ASSOCIATION, TRUSTEE OR OTHER SIMILAR ENTITY OR ORGANIZATION.

PROPERTY: MEANS THE LAND DESCRIBED IN THE DECLARATION RECORDED PURSUANT TO SECTION 93-1505, TOGETHER WITH EVERY BUILDING, IMPROVEMENT OR STRUCTURE THEREON, AND EVERY EASEMENT OR RIGHT APPURTENANT THEREON, AND ALL PERSONAL PROPERTY INTENDED FOR USE IN CONNECTION THEREWITH OR FOR THE USE, BENEFIT, OR ENJOYMENT OF THE CONDOMINIUM OWNERS.

RULES AND REGULATIONS: THOSE RULES AND REGULATIONS PROMULGATED BY THE ASSOCIATION BOARD RELATING TO GOVERNING CONDUCT UPON AND USE OF THE PROPERTY OF THE ASSOCIATION OWNERS/MEMBERS AND ASSOCIATION PROPERTIES, THE IMPOSITION OF FINES AND FORFEITURES FOR VIOLATION OF ASSOCIATION RULES AND REGULATIONS, AND PROCEDURAL MATTERS FOR USE IN THE CONDUCT OF THE BUSINESS OF THE ASSOCIATION.

UNIT: MEANS THE SEPARATE INTEREST IN A CONDOMINIUM.

ARTICLE 3.

PURPOSES AND OBJECTIVES:

THE PURPOSES AND OBJECTIVES FOR WHICH THIS CORPORATION IS FORMED ARE:

SECTION 3.01

TO PROVIDE AN ENTITY WHOSE MEMBERS SHALL BE ALL THE OWNERS OF THOSE (UNITS) LOCATED IN THAT PARCEL OF REAL PROPERTY IN VALLEY COUNTY, IDAHO, COMMONLY KNOWN AND REFERRED

THE WATERS EDGE CONDOMINIUMS, INC., ARTICLES - PA
TO AS THE WATERS EDGE CONDOMINIUMS, LOCATED UPON THE WEST
OF THE BIG PAYETTE LAKE, IN VALLEY COUNTY, IDAHO;

SECTION 3.02

TO SATISFY THOSE DUTIES AND REQUIREMENTS SET FORTH
THAT CERTAIN MASTER CONDOMINIUM DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS FOR THE WATERS EDGE CONDOMINIUM

SECTION 3.03

TO BE AN ADMINISTRATIVE, MANAGERIAL, RULE MAKING &
ENFORCEMENT BODY FOR THE CONDOMINIUM PROJECT;

SECTION 3.04

TO PROVIDE FOR MAINTENANCE, UTILITIES, GARDENING &
OTHER SERVICES BENEFITING THE ASSOCIATION; TO EMPLOY
PERSONNEL AND CONTRACTORS NECESSARY FOR OPERATION OF THE
PROJECT;

SECTION 3.05

TO PURCHASE MATERIALS AND SUPPLIES REQUIRED FOR THE
ASSOCIATION;

SECTION 3.06

TO DO SUCH OTHER ACTS AND PERFORM SUCH OTHER FUNCTIONS
AS MAY BE REQUIRED FOR GOVERNMENT, MAINTENANCE, PRESERVATION
AND ARCHITECTURAL CONTROL OF THE PROJECT DESCRIBED ABOVE IN
ACCORDANCE WITH THE MASTER DECLARATION AND APPLICABLE LAW;

SECTION 3.07

TO MAINTAIN FIRE, CASUALTY, LIABILITY, WORKMEN'S
COMPENSATION AND OTHER INSURANCE, AND IF REQUIRED, FOR A
FIDELITY BOND OR BONDS;

SECTION 3.08

TO ACT IN THE CAPACITY OF PRINCIPAL, AGENT, JOINT
VENTURE, OR PARTNER, OR OTHERWISE;

SECTION 3.09

TO ASSESS, LEVY, COLLECT AND ENFORCE PAYMENT BY ANY
LAWFUL MEANS, OF ALL ASSESSMENTS PURSUANT TO THE TERMS OF THE
MASTER DECLARATION, AND TO LEVY, COLLECT AND ENFORCE PAYMENT
BY ANY LAWFULL MEANS OF ALL ASSESSMENTS CERTIFIED;

SECTION 3.10

TO PERFORM ANY AND ALL ACTS WHICH ARE NECESSARY AND PROPER FOR OR INCIDENTAL TO THE CARRYING OUT OF THE DUTIES, EITHER EXPRESS OR IMPLIED, ACCORDED TO THE ASSOCIATION UNDER THE TERMS OF THE MASTER DECLARATION, AND THESE ARTICLES, THE BY-LAWS OF THIS CORPORATION, AND THE LAWS OF THE STATE OF IDAHO.

SECTION 3.11

TO BUY, SELL, ACQUIRE, HOLD, OWN, DISPOSE OF, CONVEY, MORTGAGE, PLEDGE, LEASE, ASSIGN, TRANSFER, TRADE AND DEAL IN AND WITH ALL KINDS OF PERSONAL PROPERTY, FRANCHISES, PRIVILEGES, RIGHTS, GOODS, WARES AND MERCHANDISE OF EVERY KIND, NATURE AND DESCRIPTION;

SECTION 3.12

TO BORROW MONEY, TO DRAW, MAKE, ACCEPT, ENDORSE, TRANSFER, ASSIGN, EXECUTE AND ISSUE BONDS, DEBENTURES, PROMISSORY NOTES, AND OTHER EVIDENCES OF INDEBTEDNESS, AND FOR THE PURPOSE OF SECURING ANY OF ITS OBLIGATIONS OR CONTRACTS TO CONVEY, TRANSFER, ASSIGN, DELIVER, MORTGAGE AND/OR PLEDGE ALL OR ANY PART OF THE PROPERTY OR ASSETS, REAL OR PERSONAL, AT ANY TIME OWNED OR HELD BY THIS CORPORATION, UPON SUCH TERMS AND CONDITIONS AS THE BOARD SHALL AUTHORIZE, AND AS MAY BE PERMITTED BY LAWS SUBJECT TO THE PROVISIONS OF THE MASTER DECLARATION.

SECTION 3.13

TO HAVE ONE OR MORE OFFICES TO CARRY ON ALL OR ANY PART OF ITS OPERATIONS AND BUSINESS, AND TO DO ALL AND EVERYTHING NECESSARY, SUITABLE, CONVENIENT OR PROPER FOR THE ACCOMPLISHMENT OF ANY OF THE PURPOSES OR THE ATTAINMENT OF ANY ONE OR MORE OF THE OBJECTS HEREIN RAISED, OR WHICH SHALL AT ANY TIME APPEAR CONDUCTIVE OR EXPEDIENT FOR THE PROTECTION OR BENEFIT OF THE ASSOCIATION, AND WHICH NOW OR HEREAFTER MAY BE AUTHORIZED BY LAW, AND THIS TO THE SAME EXTENT AND AS FULLY AS NATURAL PERSONS MIGHT OR COULD DO, AS PRINCIPALS, AGENTS, CONTRACTORS, TRUSTEES, OR OTHERWISE, AND EITHER ALONE OR IN CONNECTION WITH ANY PERSON, FIRM, ASSOCIATION, OR CORPORATION.

SECTION 3.14

TO HAVE AND TO EXERCISE ANY AND ALL POWERS AND PRIVILEGES NOW OR HEREAFTER CONFERRED BY THE LAWS OF THE STATE

OF IDAHO UPON CORPORATIONS FORMED UNDER THE GENERAL CORPORATION LAWS OF SAID STATE SO LONG AS THEY ARE NOT IN CONFLICT WITH TITLE 30, CHAPTER 10, IDAHO CODE, OR UNDER ANY ACT AMENDATORY THEREOF OR SUPPLEMENTAL THERETO OR SUBSTITUTED THEREFOR.

SECTION 3.15

TO PROMULGATE ASSOCIATION RULES AND REGULATIONS FOR THE REGULATION, CONTROL, MANAGEMENT AND GOVERNMENT OF THE PROJECT, ALL IN ACCORDANCE WITH THE PROVISIONS OF THE MASTER DECLARATION;

SECTION 3.16

TO PROCURE AND EMPLOY A PROFESSIONAL MANAGER FOR THE PURPOSE OF ASSUMING AND CARRYING OUT THE GENERAL MANAGEMENT DUTIES OF THE ASSOCIATION AND TO DELEGATE SUFFICIENT POWERS AND DUTIES TO SAID MANAGER TO EFFICIENTLY AND COMPETENTLY CARRY OUT HIS DUTIES SUBJECT TO THE ULTIMATE CONTROL OF THE BOARD.

THE FOREGOING SECTIONS ARE TO BE CONSTRUED BOTH AS OBJECTIVES AND POWERS; AND IT IS HEREBY EXPRESSLY PROVIDED THAT ENUMERATION HEREIN OF SPECIFIC OBJECTIVES AND POWERS SHALL NOT BE HELD TO LIMIT OR RESTRICT IN ANY MANNER THE GENERAL POWERS OF THE CORPORATION; PROVIDED, HOWEVER, THAT NOTHING CONTAINED HEREIN SHALL BE DEEMED TO AUTHORIZE OR PERMIT THE CORPORATION TO CARRY ON ANY BUSINESS OR TO EXERCISE ANY POWER OR TO DO ANY ACT WHICH A CORPORATION FORMED UNDER THE ACT HEREBY REFERRED TO, OR ANY AMENDMENT THEREOF OR SUPPLEMENT THERETO, OR SUBSTITUTE THEREFOR, MAY NOT AT THE TIME LAWFULLY CARRY ON OR DO. IT IS THE INTENTION THAT THE PURPOSES, OBJECTIVES AND POWERS SPECIFIED IN EACH OF THE SECTIONS 3.01 TO 3.21 INCLUSIVE, OF THESE ARTICLES OF INCORPORATION SHALL EXCEPT AS OTHERWISE EXPRESSLY PROVIDED, IN NO WISE BE LIMITED OR RESTRICTED BY REFERENCE TO, OR INFERENCE FROM, THE TERMS OF ANY OTHER SECTION, CLAUSE OR PARAGRAPH OF THESE ARTICLES OF INCORPORATION.

ARTICLE 4.

EXISTENCE:

THE CORPORATION IS TO HAVE PERPETUAL EXISTENCE.

ARTICLE 5.

PRINCIPAL PLACE OF BUSINESS:

THE LOCATION AND POST OFFICE ADDRESS OF THE REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS OF THE CORPORATION IS 200 LENOVA STREET, McCALL, IDAHO 83638. *The registered agent is Harry Hellhake.*

ARTICLE 6.

CONDOMINIUM PROJECT:

THIS ASSOCIATION SHALL BE DEEMED A DOMESTIC CORPORATION TO SERVE AS A MANAGEMENT BODY AND TO ADMINISTER THE CONDOMINIUM PROJECT, PURSUANT TO THE PROVISIONS OF THE CONDOMINIUM PROPERTY ACT, TITLE 55, CHAPTER 15, IDAHO CODE, AND INsofar AS THE PROVISIONS OF THE ACT CONFLICT WITH THESE ARTICLES OF INCORPORATION, THE PROVISIONS OF THE CONDOMINIUM PROPERTY ACT SHALL PREVAIL WITH RESPECT TO THE APPLICATION OF THESE ARTICLES TO THE CONDOMINIUM PROJECT AND THE PROVISIONS OF THESE ARTICLES SHALL BE INTERPRETED TO BE CONSISTENT THEREWITH.

ARTICLE 7.

MEMBERSHIP:

EVERY PERSON OR ENTITY WHO IS A RECORD OWNER OF A FEE OR UNDIVIDED FEE INTEREST IN ANY UNIT WITHIN THE CONDOMINIUM PROJECT, INCLUDING CONTRACT SELLERS, SHALL BE A MEMBER OF THE ASSOCIATION. THE FOREGOING IS NOT INTENDED TO INCLUDE PERSONS OR ENTITIES WHO HOLD ANY SUCH INTEREST MERELY AS SECURITY FOR THE PERFORMANCE OF ANY OBLIGATIONS. MEMBERSHIP SHALL BE APPURTENANT TO AND MAY NOT BE SEPARATED FROM OWNERSHIP OF ANY SUCH UNIT. MEMBERSHIP IN THE ASSOCIATION SHALL BE EVIDENCED BY A CERTIFICATE OF MEMBERSHIP ISSUED IN THE FORM AND MANNER PROVIDED FOR IN THE BY-LAWS OF THE ASSOCIATION.

ARTICLE 8.

VOTING RIGHTS:

MEMBERS OF THE ASSOCIATION, INCLUDING DECLARANT, SHALL BE ENTITLED TO ONE (1) VOTE FOR EACH UNIT OWNED. WHEN MORE THAN ONE PERSON HOLDS AN INTEREST IN ANY UNIT, ALL SUCH PERSONS SHALL BE MEMBERS. THE VOTE FOR SUCH UNIT SHALL BE EXERCISED AS THEY AMONG THEMSELVES DETERMINE. FRACTIONAL VOTES SHALL NOT BE ALLOWED, AND IN NO EVENT SHALL MORE THAN ONE (1) VOTE BE CAST WITH RESPECT TO ANY UNIT. SAID VOTE SHALL BE CAST BY THE DESIGNATED "VOTING OWNER" FOR THAT UNIT AS PROVIDED HEREIN.

ARTICLE 9.

DIRECTORS:

SECTION 9.01

THE AFFAIRS OF THE ASSOCIATION WILL BE MANAGED BY A BOARD CONSISTING OF THE NUMBER OF DIRECTORS DETERMINED BY THE BY-LAWS BUT NOT LESS THAN THREE (3) DIRECTORS. DIRECTORS OF THE ASSOCIATION SHALL BE ELECTED AT THE ANNUAL MEETING OF THE MEMBERS IN THE MANNER DETERMINED BY THE BY-LAWS. DIRECTORS SHALL BE FILLED IN THE MANNER PROVIDED BY THE BY-LAWS.

SECTION 9.02

UNTIL THE 1ST DAY OF OCTOBER, 1980, ALL THE DIRECTORS SHALL BE THE DESIGNEE, AND NOMINEE, OF DECLARANT, SUBJECT NEVERTHELESS TO THE FOLLOWING: WHEN UNIT OWNERS, OTHER THAN THE DECLARANT, OWN TWENTY-FIVE PERCENT (25%) OR MORE OF THE CONDOMINIUM UNITS, THE VOTING OWNERS OTHER THAN DECLARANT SHALL BE ENTITLED TO ELECT NOT LESS THAN ONE-THIRD (1/3) OF THE MEMBERS OF THE BOARD OF DIRECTORS. THE REMAINING MEMBERS OF THE BOARD OF DIRECTORS SHALL BE ELECTED BY DECLARANT. WHEN SALES BY DECLARANT HAVE BEEN CLOSED ON SEVENTY-FIVE PERCENT (75%) OF THE CONDOMINIUM UNITS, VOTING OWNERS OTHER THAN DECLARANT SHALL BE ENTITLED TO ELECT NOT LESS THAN A MAJORITY OF THE MEMBERS OF THE BOARD OF DIRECTORS. NOTWITHSTANDING ANYTHING TO THE CONTRARY, DECLARANT SHALL BE ENTITLED TO ELECT NOT LESS THAN ONE (1) MEMBER OF THE BOARD OF DIRECTORS SO LONG AS DECLARANT HOLDS FOR SALE IN THE ORDINARY COURSE OF BUSINESS ANY UNIT.

SECTION 9.03

DECLARANT AT ALL TIMES RESERVES THE RIGHT TO TERMINATE CONTROL OF THE ASSOCIATION AT ANY TIME, NOTWITHSTANDING THE FOREGOING. IN THE EVENT THAT DECLARANT DOES SO TERMINATE CONTROL OF THE ASSOCIATION, DECLARANT MAY REQUIRE THAT UNTIL THE 1ST DAY OF OCTOBER, 1980, SPECIFIED ACTIONS OF THE ASSOCIATION OR BOARD AS DESCRIBED IN AN INSTRUMENT EXECUTED BY DECLARANT AND RECORDED IN THE OFFICE OF THE RECORDER OF VALLEY COUNTY, IDAHO, BE APPROVED BY DECLARANT BEFORE THEY BECOME EFFECTIVE.

SECTION 9.04

WHENEVER DECLARANT SHALL BE ENTITLED TO DESIGNATE AND SELECT ANY PERSON OR PERSONS TO SERVE ON THE BOARD OF DIRECTORS OF THE ASSOCIATION, THE MANNER IN WHICH SUCH PERSON OR PERSONS SHALL BE DESIGNATED SHALL BE AS PROVIDED IN THE BY-LAWS OF THE ASSOCIATION, AND DECLARANT SHALL HAVE THE RIGHT TO REMOVE ANY PERSON OR PERSONS SELECTED BY THEM TO ACT AND

SERVE ON SAID BOARD OF DIRECTORS, AND TO REPLACE SUCH PERSON OR PERSONS WITH ANY PERSON OR PERSONS TO ACT AND SERVE IN PLACE OF ANY DIRECTOR OR DIRECTORS SO REMOVED FOR THE REMAINDER OF THE UNEXPIRED TERM OF ANY DIRECTOR OR DIRECTORS SO REMOVED. A DIRECTOR DESIGNATED AND SELECTED BY DECLARANT NEED NOT BE A UNIT OWNER. ANY REPRESENTATIVE OF DECLARANT SERVING ON THE BOARD OF DIRECTORS SHALL NOT BE REQUIRED TO DISQUALIFY HIMSELF UPON ANY VOTE OR OTHER MATTERS BETWEEN DECLARANT AND THE ASSOCIATION WHERE DECLARANT MAY HAVE A PECUNIARY OR OTHER INTEREST.

SECTION 9.05

THE NAMES AND ADDRESSES OF THE MEMBERS OF THE FIRST BOARD OF DIRECTORS WHO SHALL HOLD OFFICE UNTIL THEIR SUCCESSORS ARE ELECTED AND HAVE QUALIFIED, OR UNTIL REMOVED, ARE AS FOLLOWS: LARRY J. HELLHAKE, DIANE K. HELLHAKE, TERRY L. GUSTAVL AND PATRICIA A. GUSTAVL.

ARTICLE 10.

THE AFFAIRS OF THE ASSOCIATION SHALL BE ADMINISTERED BY THE OFFICERS DESIGNATED IN THE BY-LAWS. THE OFFICERS SHALL BE ELECTED BY THE BOARD OF DIRECTORS AT ITS FIRST MEETING FOLLOWING THE ANNUAL MEETING OF THE MEMBERS OF THE ASSOCIATION AND SHALL SERVE AT THE PLEASURE OF THE BOARD OF DIRECTORS. THE NAMES AND ADDRESSES OF THE OFFICERS WHO SHALL SERVE UNTIL THEIR SUCCESSORS ARE DESIGNATED BY THE BOARD OF DIRECTORS ARE AS FOLLOWS:

PRESIDENT: LARRY J. HELLHAKE
 VICE PRESIDENT: TERRY L. GUSTAVL
 SECRETARY: DIANE K. HELLHAKE
 TREASURER: PATRICIA A. GUSTAVL

ARTICLE 11.

LIABILITY OF MEMBERS:

MEMBERS SHALL BE INDIVIDUALLY LIABLE FOR THE ASSESSMENTS OF THE ASSOCIATION ASSESSED AND LEVIED UPON THEIR LOT, OR UNIT, WHETHER FOR FINES, PENALTIES, RECOVERY OF COSTS, OR REGULAR, SPECIAL OR LIMITED ASSESSMENTS. MEMBERS SHALL BE RESPONSIBLE FOR THE PAYMENT OF ALL REAL PROPERTY TAXES WHICH ARE A LIEN UPON SAID MEMBER'S INDIVIDUAL UNITS AND ONLY THE MEMBER'S PRO-RATA SHARE OF REAL SHARE OF REAL PROPERTY TAXES LEVIED ON THE ASSOCIATION PROPERTY, UNLESS THE PROPERTY IS PART OF A CONDOMINIUM PROJECT, IN WHICH CASE THE MEMBER SHALL BE RESPONSIBLE FOR PAYMENT OF HIS PRO-PORTIONATE SHARE OF REAL PROPERTY TAXES LEVIED ON THE COMMON AREA.

FURTHER, EACH MEMBER SHALL BE LIABLE FOR ALL DAMAGE TO THE ASSOCIATION PROPERTY CAUSED BY SUCH MEMBER, THEIR AGENTS, GUESTS, EMPLOYEES AND INVITEES.

ARTICLE 12

INDEMNIFICATION:

EVERY DIRECTOR AND EVERY OFFICER OF THE ASSOCIATION SHALL BE INDEMNIFIED BY THE ASSOCIATION AGAINST ALL EXPENSES AND LIABILITIES, INCLUDING COUNSEL FEES, REASONABLY INCURRED OR IMPOSED UPON HIM IN CONNECTION WITH ANY PROCEEDING OR ANY SETTLEMENT OF ANY PROCEEDING TO WHICH HE MAY BE A PARTY OR IN WHICH HE MAY BECOME INVOLVED BY REASON OF HIS BEING OR HAVING BEEN A DIRECTOR OR OFFICER OF THE ASSOCIATION, WHETHER OR NOT HE IS A DIRECTOR OR OFFICER AT THE TIME SUCH EXPENSES ARE INCURRED, EXCEPT WHETHER THE DIRECTOR OR OFFICER IS ADJUDGED GUILTY OF WILLFUL MISFEASANCE OR NEGLIGENCE IN THE PERFORMANCE OF HIS DUTY, PROVIDED, THAT IN THE EVENT OF A SETTLEMENT, THE INDEMNIFICATION SHALL APPLY ONLY WHEN THE BOARD OF DIRECTORS APPROVES SUCH A SETTLEMENT AND REIMBURSEMENT AS BEING FOR THE BEST INTEREST OF THE ASSOCIATION. THE FOREGOING RIGHT OF INDEMNIFICATION SHALL BE IN ADDITION TO AND NOT EXCLUSIVE OF ALL OTHER RIGHTS TO WHICH SUCH DIRECTOR OR OFFICER MAY BE ENTITLED.

ARTICLE 13.

BY-LAWS:

THE FIRST BY-LAWS OF THE ASSOCIATION SHALL BE ADOPTED BY THE BOARD OF DIRECTORS AND MAY BE ALTERED, AMENDED OR REPEALED IN THE MANNER PROVIDED BY THE BY-LAWS. PROVIDED, THAT PRIOR TO THE TIME THAT THE DECLARATION OF CONDOMINIUM FOR THE PROJECT IS FILED FOR PUBLIC RECORD, SAID FIRST BOARD OF DIRECTORS SHALL HAVE FULL POWER TO AMEND, ALTER OR REPEAL SAID BY-LAWS BY A MAJORITY VOTE.

ARTICLE 14.

AMENDMENTS:

AMENDMENTS TO THESE ARTICLES OF INCORPORATION SHALL BE COMPOSED AND ADOPTED IN THE FOLLOWING MANNER:

SECTION 14.01

NOTICE OF THE SUBJECT MATTER OF THE PROPOSED AMENDMENT SHALL BE INCLUDED IN THE NOTICE OF ANY MEETING AT WHICH A

PROPOSED AMENDMENT IS CONSIDERED.

SECTION 14.02

A RESOLUTION FOR THE ADOPTION OF A PROPOSED AMENDMENT MAY BE PROPOSED EITHER BY THE BOARD OF DIRECTORS OR BY THE VOTING OWNERS. VOTING OWNERS NOT PRESENT IN PERSON MAY EXPRESS THEIR APPROVAL BY PROXY EXECUTED IN THE CUSTOMARY CORPORATE MANNER, PROVIDED SUCH APPROVAL IS DELIVERED TO THE SECRETARY AT OR PRIOR TO THE MEETING, EXCEPT AS ELSEWHERE PROVIDED, APPROVAL OF THE AMENDMENT MUST BE EITHER BY:

SECTION 14.02(A)

NOT LESS THAN SEVENTY-FIVE PERCENT (75%) OF THE ENTIRE MEMBERSHIP OF THE BOARD OF DIRECTORS AND BY NOT LESS THAN SEVENTY-FIVE PERCENT (75%) OF THE VOTING POWER OF THE ASSOCIATION; OR

SECTION 14.02(B)

IF THE PROPOSED CHANGE TO THE ARTICLES OF INCORPORATION HAS RECEIVED UNANIMOUS APPROVAL OF THE BOARD OF DIRECTORS; A MAJORITY VOTE OF THE VOTING OWNERS; OR

SECTION 14.02(C)

UNTIL THE FIRST ELECTION OF THE DIRECTORS BY THE UNIT OWNERS ENTITLED TO VOTE; ALL OF THE DIRECTORS; OR

SECTION 14.02(D)

NOT LESS THAN EIGHTY PERCENT (80%) OF THE VOTING POWER OF THE ASSOCIATION.

SECTION 14.03

PROVIDED, HOWEVER, THAT NO AMENDMENT SHALL MAKE ANY CHANGES IN THE QUALIFICATIONS FOR MEMBERSHIP NOR THE VOTING RIGHTS OF MEMBERS; NOR CHANGES IN SECTION 5 OF ARTICLE 9 WITHOUT APPROVAL IN WRITING OF ALL UNIT OWNERS AND ASSEMBLY; SHALL BE MADE THAT IS IN CONFLICT WITH THE CONDOMINIUM PROPERTY ACT OR THE DECLARATION.

ARTICLE 15.

EXEMPTION:

THIS ASSOCIATION IS A CORPORATION INTENDED TO BE CLASSIFIED AS A "HOME OWNERS ASSOCIATION" WHICH, PURSUANT TO

SECTION 528 (A) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED, IS CONSIDERED AN ORGANIZATION EXEMPT FROM INCOME TAXES FOR THE PURPOSES OF ANY LAW WHICH REFERS TO ORGANIZATIONS EXEMPT FROM INCOME TAXES. FURTHER, THIS ASSOCIATION IS AN ORGANIZATION WHICH IS A CONDOMINIUM MANAGEMENT ASSOCIATION AND A RESIDENTIAL REAL ESTATE MANAGEMENT ASSOCIATION ORGANIZED AND OPERATED TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION, MANAGEMENT, MAINTENANCE AND CARE OF ASSOCIATION PROPERTY, WHERE 70% OR MORE OF THE GROSS INCOME OF THIS ASSOCIATION FOR ANY TAXABLE YEAR SHALL CONSIST SOLELY OF AMOUNTS RECEIVED AS MEMBERSHIP DUES, FEES OR ASSIGNMENTS FROM OWNERS OF RESIDENTIAL UNITS IN THE CASE OF CONDOMINIUM MANAGEMENT AND FROM OWNERS OF RESIDENCES OR RESIDENTIAL LOTS IN THE CASE OF RESIDENTIAL REAL ESTATE MANAGEMENT. FURTHER, 90% OR MORE OF THE EXPENDITURES OF THIS ASSOCIATION FOR ANY TAXABLE YEAR SHALL BE EXPENDITURES FOR THE ACQUISITION, CONSTRUCTION, MANAGEMENT, MAINTENANCE AND CARE OF ASSOCIATION PROPERTY.

FURTHER, NO PART OF THE NET EARNINGS OF THIS ASSOCIATION SHALL INURE TO THE BENEFIT OF ANY MEMBER OR INDIVIDUAL.

ALL PROVISIONS OF THESE ARTICLES OF INCORPORATION OF THE ASSOCIATION SHALL BE INTERPRETED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 528(C) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED, AND IN CASE OF CONFLICT BETWEEN THAT OR OTHER APPLICABLE SECTIONS, ANY PROVISION WITHIN THESE ARTICLES SO IN CONFLICT WILL EITHER BE INTERPRETED TO BE CONSISTENT WITH THAT PROVISION OF THE INTERNAL REVENUE CODE OR SHALL BE DETERMINED NULL AND VOID AND OF NO FORCE AND EFFECT.

ARTICLE 16.

CONFLICT OF PROVISIONS:

THE PROVISIONS CONTAINED IN THESE ARTICLES OF INCORPORATION OF THE ASSOCIATION ARE SUBJECT AND SUBSERVIENT TO THE TERMS AND PROVISIONS OF THE MASTER DECLARATION AND IN ANY CONFLICT BETWEEN THE TERMS AND PROVISIONS OF THESE DOCUMENTS, THE TERMS AND PROVISIONS OF THE MASTER DECLARATION SHALL PREVAIL.

ARTICLE 17.

SUBSCRIBERS:

THE NAMES AND ADDRESSES OF THE SUBSCRIBERS TO THESE ARTICLES OF INCORPORATION ARE AS FOLLOWS:

Larry J. Hellhake
LARRY J. HELLHAKE
6022 WINSTEAD PLACE
BOISE, IDAHO

Diane K. Hellhake
DIANE K. HELLHAKE
6022 WINSTEAD PLACE
BOISE, IDAHO

Terry L. Gustavel
TERRY L. GUSTAVEL
5532 RANDOLPH DRIVE
BOISE, IDAHO

Patricia A. Gustavel
PATRICIA A. GUSTAVEL
5532 RANDOLPH DRIVE
BOISE, IDAHO

STATE OF IDAHO,)
) (SS.
COUNTY OF VALLEY)

ON THIS 11TH DAY OF JANUARY, 1980, BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR SAID STATE, PERSONALLY APPEARED LARRY J. HELLHAKE, DIANE K. HELLHAKL, TERRY L. GUSTAVEL AND PATRICIA A. GUSTAVEL, KNOWN TO ME TO BE THE PERSONS WHOSE NAMES ARE SUBSCRIBED TO THE WITHIN INSTRUMENT, AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME, AND THEY WERE PERSONS OVER THE AGE OF TWENTY-ONE YEARS AND CITIZENS OF THE UNITED STATES OF AMERICA.

IN WITNESS WHEREOF, I HAVE HERETO SET MY HAND AND AFFIXED MY OFFICIAL SEAL THE DAY AND YEAR IN THIS CERTIFICATE FIRST ABOVE WRITTEN.

Nerna M. Goedert
NOTARY PUBLIC FOR IDAHO
RESIDING AT ~~MCALPIN~~ IDAHO.
5-12-82 Boise