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SECRETARY OF STATE
STATE OF IDAHO**ARTICLES OF INCORPORATION
OF
TRESTLE BEACH HOA, INC.**

The undersigned, in order to form a nonprofit corporation under the provisions of Title 30, Chapter 3, Idaho Code, submits the following Articles of Incorporation to the Idaho Secretary of State.

**ARTICLE I.
NAME OF CORPORATION**

The name of the corporation shall be Trestle Beach HOA, Inc. (hereinafter referenced as "Association").

**ARTICLE II.
PURPOSE OF ASSOCIATION**

The purpose of the Association shall be to maintain, improve, and regulate the use of real property owned by the Association (Property), to carry out the provisions of the Declaration of Covenants, Conditions, Easements and Restrictions of Trestle Beach (Declaration), recorded in the records of Bonner County, Idaho, and to take any other lawful actions for the benefit of the Association and its members.

**ARTICLE III.
INITIAL DIRECTORS**

The initial Directors shall be:

Wayne Taylor, 10227 N. Snyder, Spokane, WA, 99208
Cary Smith, 302 Prospect, Oldtown, ID, 83822
Cathy Smith, 302 Prospect, Oldtown, ID, 83822

**ARTICLE IV.
REGISTERED AGENT**

The Association shall designate a registered agent. The initial registered agent shall be D. Toby McLaughlin, whose address (registered office) is 708 Superior Street, Ste B, Sandpoint ID 83864.

IDAHO SECRETARY OF STATE
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ARTICLE V. INCORPORATOR

The incorporator is Wayne Taylor, whose address is 10227 N. Snyder, Spokane, WA, 99208.

ARTICLE VI. ASSOCIATION MAILING ADDRESS

The Association shall maintain an Association office in Bonner County, Idaho. The initial mailing address of the Association shall be c/o Berg & McLaughlin, Attorneys at Law, 708 Superior Street, Ste B, Sandpoint ID 83864.

ARTICLE VII. ASSOCIATION MEMBERSHIP

- 7.1 The Association shall consist of Members.
- 7.2 The Members shall be composed of Lot Owners in Trestle Beach.
- 7.3 Each lot within Trestle Beach shall be a Member of the Association regardless of whether the lot is improved.
- 7.4 Membership shall be appurtenant to and may not be separated from the fee ownership of the lot.
- 7.5 A Lot Owner shall not transfer, pledge, convey or alienate the Association membership except to a bona fide successor in interest of the ownership of the lot. A sale of a lot by real estate contract shall constitute a valid transfer of membership to the buyer. A prohibited transfer is void.
- 7.6 A Lot Owner, or than the Declarant, shall hold a Class A membership and shall have one (1) vote in the Association for each Lot owned, such vote to be cast by the Lot Owner. Where co-owners exist, they shall designate in writing, with the Secretary, who shall cast the vote of the Lot Owner. A designation shall remain of record until revoked. Any co-owner may revoke a designation in a writing submitted to the Secretary. The Secretary shall not accept a vote by co-owners who fail to properly designate authority to cast the vote. Fractional votes are not permitted. All co-owners may attend and otherwise participate in Association meetings.
- 7.7 Notwithstanding paragraph 7.6, the Declarant, as identified in the Declaration or its successor, shall hold a Class B membership and shall have ten (10) votes in the Association for each lot owned. Class B membership shall automatically convert to Class A membership upon the earlier of the following: (a) the recordation of notice by the Declarant of voluntary conversion, or (b) at 11:59 p.m. on December 31, 2027.

- 7.8 The following actions are reserved to the Members, voting at a duly noticed meeting of the Association:
- 7.8.1 The Members shall have the exclusive authority to elect and remove Directors.
- 7.8.2 Upon presentation by the Board of Directors (Board), the Members shall adopt an annual budget and any supplemental budgets of the Association. The Members may amend the budget presented by the Board. The Association shall not make expenditures, except emergency expenditures, absent an approved budget. The Board may declare an emergency. An "emergency" is a sudden, unexpected happening or unforeseen occurrence or condition.
- 7.8.3 If the Board refers a matter to the Members because of a deadlock on the Board or otherwise, the Members shall have the right and duty to resolve the matter by majority vote.
- 7.8.4 Upon resolution of the Board, the Members may, by a 60% majority of votes at a duly called meeting of the Members, amend the Bylaws and Articles of Incorporation.
- 7.9 Except as set forth in this Article 7.8, the Members shall take no action except upon resolution of the Board presented to the Members at a duly called meeting of the Members. The Members may amend any resolution presented by the Board.
- 7.10 A quorum shall consist of a majority of the voting power.
- 7.11 The Association's expenses shall be approved annually by a simple majority of members that are (a) present at a meeting called for the purpose of approving expenses, or (b) are cast by proxy.
- 7.12 These Articles shall be recorded in the records of Bonner County, Idaho.
- 7.13 The Association shall adopt and maintain bylaws to carry out its duties under these Articles. The bylaws shall be recorded in the records of Bonner County, Idaho.
- 7.14 The Association shall have and shall exercise all other rights and powers necessary and convenient to carry out its purpose including, without limitation, those general powers set forth in the Idaho Nonprofit Corporation Act, Title 30, Chapter 3-24, Idaho Code.

ARTICLE VIII. BOARD OF DIRECTORS

- 8.1 The Board of Directors (Board) shall govern the Association and shall manage the Property. The Board shall have the authority to: (a) enforce the Declaration; (b) make improvements to the Property; (c) levy and collect assessments from the Members; (d) enter into contracts as may be necessary or desirable to carry out the provisions of the Declaration, these Articles and the Bylaws; (e) establish procedures and policies necessary or deemed desirable to provide for the general

- welfare, in accordance with the spirit and letter of the Declaration; (f) enforce and carryout the development requirements as set forth in the files of the City of Priest River; and (g) place liens on the real property of Lot Owners who fail to pay dues and assessments, and to enforce such liens through judgment and foreclosure. The Board may, but is not required to seek the approval of the Members before taking an action other than those actions reserved to the Members in Article 6.8.
- 8.2 The Board shall (a) recommend an annual budget for operations and (b) establish and enforce assessments, rules and regulations, and a schedule of fines and penalties for violation of rules and regulations, including without limitation penalties for late payment of assessments.
- 8.3 The Board shall consist of no less than three (3) Directors who shall serve staggered three year terms. Directors shall be elected by the Lot Owners at an annual meeting or at a special meeting called for the purpose electing Directors. Directors shall be Lot Owners, except a non-Lot Owner may be elected if nominated by the Declarant. Co-owners may serve as Directors.
- 8.4 The President shall call for nominations for Director. The nominee need not be present. A Lot Owner may nominate himself or herself. Members shall cast one (1) vote for each position. Where only one (1) Director position is being filled, the nominee obtaining the most votes shall be elected. Where more than one (1) Director is being elected, those nominees with the highest plurality of votes shall be elected.
- 8.5 The Lot Owners may remove a Director at any time, for any reason or no reason at all. In the case of removal, the Members shall vote on each Director and the Director shall be removed upon the vote of a majority, excluding the vote of the Director subject to removal.
- 8.6 The Board shall annually elect officers. There shall be a President, Vice President, Secretary and Treasurer. No Director may hold more than one office except one Director may be both Secretary and Treasurer. The duties of office shall be expressed in the Bylaws. An officer may be removed by the Board upon the vote of a majority, excluding the vote of the officer subject to removal.
- 8.7 The votes of a majority of the Board shall be the action of the Board.
- 8.8 If Directors are deadlocked, the Board of Directors shall refer to the Lot Owners at a special or annual meeting the matter causing deadlock.
- 8.9 Except as otherwise required herein, the Board may refer a matter to the Members for an advisory vote or final decision.

ARTICLE IX. ASSESSMENTS

- 9.1 The Association shall levy assessments on its members. The assessments levied by the Association shall be used exclusively for the purpose of carrying out the general duties and powers of the Association.

- 9.2 The Board shall establish the rate of assessment based on the approved annual budget. The Board shall not assess in excess of the funds necessary to fund the budget EXCEPT that the Board shall have the right to increase the assessment by an amount no greater than five percent (5%) for the purpose of making capital improvements, major or emergency repairs. Funds reserved in excess of budgeted expenses shall be placed in a reserve fund.
- 9.3 Each lot, regardless of size and location, shall bear an equal burden for the general expenses of the Association including but not limited to Common Area maintenance. The Board may, however, levy special assessments disproportionately for particularized services provided to certain Lot Owners or to Lot Owners in a disproportionate manner.
- 9.4 Notwithstanding the other provisions of this article, the Declarant shall not be assessed for any Lot it owns.

ARTICLE X. AMENDMENTS AND RECORDATION

- 10.1 These Articles may be amended upon the consent of 60% of the voting power of the Members voting at a duly called membership meeting. An amendment shall be effective upon its filing with the Idaho Secretary of State and the recordation of a certified copy thereof in the records of Bonner County, Idaho.
- 10.2 These Articles may not be amended in any manner inconsistent with the Declaration.
- 10.3 These Articles shall be recorded in the records of Bonner County, Idaho.

ARTICLE XI. DISSOLUTION

- 11.1 The Association may not be dissolved without the express approval of Bonner County, Idaho acting through its Planning Director.
- 11.2 Upon dissolution, the assets of the Association shall be divided pro rata among Lot Owners.
- 11.3 Dissolution shall otherwise be accomplished in compliance with Title 30, Chapter 3-110 et. seq.

ARTICLE XII. INDEMNIFICATION

The Association shall indemnify and hold harmless its directors, officers, and employees from personal liability for monetary damages for breach of fiduciary duty in accordance with the powers granted in Title 30, Chapter 3-88, Idaho Code.

ARTICLE XIII.
MISCELLANEOUS

These Articles are intended to comply with the Declaration. In the event of ambiguity, the Declaration shall be given greater weight.

DATED this 11 day of January, 2007.

Wayne Taylor
Wayne Taylor

STATE OF IDAHO
COUNTY OF BONNER

} ss.

On this 11 day of January, in the year of 2007, before me, a Notary Public for the state of Idaho, personally appeared Wayne Taylor, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same.

(Sign) Andrea Littlefield
NOTARY PUBLIC
Residing at: Sandpoint, ID
My commission expires: 4.15.2010



SIGNATURE PAGE

TRESTLE BEACH, LLC

Wayne TaylorBy: Wayne Taylor
Its: MemberSTATE OF IDAHO
COUNTY OF Bonner) ss.

On this 11 day of January, in the year of 2007, before me, a Notary Public for the state of Idaho, personally appeared Wayne Taylor, known or identified to me to be a member of Trestle Beach, LLC, that executed the within instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.

(Sign)

Andrea Littlefield
NOTARY PUBLICResiding at: Sandpoint, IdahoMy commission expires: 09-15-2010