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SECRETARY OF STATE  
STATE OF IDAHO**ARTICLES OF INCORPORATION  
OF  
SADDLEBACK ESTATES 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 Saddleback Estates HOA, Inc. (hereinafter referenced as "Association").

**ARTICLE II.  
INCORPORATOR**

The incorporator is WILLIAM M. BERG whose address is 316 N. Second Ave., Ste B, Sandpoint ID 83864.

**ARTICLE III.  
REGISTERED AGENT**

The Association shall designate a registered agent. The initial registered agent shall be WILLIAM M. BERG, whose address (registered office) is 316 N. Second Ave., Ste B, Sandpoint ID 83864.

**ARTICLE IV.  
ASSOCIATION OFFICE**

The Association shall maintain an Association office in Bonner County, Idaho. The initial office of the Association shall be located at 316 N. Second Ave., Ste B, Sandpoint ID 83864.

IDAHO SECRETARY OF STATE  
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## **ARTICLE V. PURPOSE OF ASSOCIATION**

The purpose of the Association shall be to maintain, improve, and regulate the use of real property owned by the Association, to carry out the provisions of the Declaration of Covenants, Conditions, Easements and Restrictions of Saddleback Estates (Declaration), and to take any other lawful actions for the benefit of the Association and its members.

## **ARTICLE VI. ASSOCIATION MEMBERSHIP**

- 6.1 The Association shall consist of voting members.
- 6.2 The members shall be composed of Lot Owners in Saddleback Estates
- 6.3 Each lot within the each of the subdivisions shall be a member of the Association regardless of whether the lot is improved.
- 6.4 Membership shall be appurtenant to and may not be separated from the fee ownership of the lot.
- 6.5 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.
- 6.6 Each lot shall have one (1) vote in the Association, regardless of the number of individual owners of a lot. 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 writing and 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. Notwithstanding this voting rights provision, the Declarant shall have ten votes for each lot it owns.
- 6.7 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 Association may, through its Board, levy special assessments disproportionately for particularized services provided to certain Lot Owners or to Lot Owners in a disproportionate manner.
- 6.8 The Association's expenses and assessments shall be approved annually by a simple majority of members that are (a) present at a meeting called for the purpose of approving expenses and assessments, or (b) are cast by proxy.
- 6.9 These Articles shall be recorded in the records of Bonner County, Idaho.

- 6.10 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.
- 6.11 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 VII. BOARD OF DIRECTORS**

- 7.1 The Association shall be governed by a Board of Directors consisting 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 the Declarant may appoint anyone as a director so long as the Declarant owns a lot. Co-owners may serve as directors.
- 7.2 The initial Directors shall be:  
Ron Stocking, 26 Yellow Pine Lane, Trabuco Canyon, CA 92626  
Michael C. McClanahan, 26 Yellow Pine Lane, Trabuco Canyon, CA 92626  
William M. Berg, 316 N. Second Ave., Ste B, Sandpoint ID 83864
- 7.3 The Board shall have the authority to: (a) enforce the Declaration; (b) make improvements to the property of the Association; (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 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 Bonner County Planning Department files S1177-05; 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.
- 7.4 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.

### **ARTICLE VIII. ASSESSMENTS**

- 8.1 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.
- 8.2 The assessments shall be fixed in accordance with these Articles and the Declaration.

### **ARTICLE IX. AMENDMENTS**

These Articles may be amended upon the consent of 75% of the Members. 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.

### **ARTICLE X. DISSOLUTION**

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

### **ARTICLE XI. 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 XII. MISCELLANEOUS**

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

EXECUTED this 22 day of AUGUST, 2006.

  
William M. Berg  
Incorporator

STATE OF IDAHO  
COUNTY OF BONNER

} SS.

On this 22 day of AUGUST, in the year of 2006, before me, a Notary Public for the state of Idaho, personally appeared William M. Berg, 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) Lynda S. Still

NOTARY PUBLIC

Residing at: Soda, ID

My commission expires: 3-6-2012

