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**ARTICLES OF INCORPORATION**

1659483

**OF**

**THE VILLAGE II CONDOMINIUMS OWNERS, INC.**

KNOW ALL MEN BY THESE PRESENTS that STANLEY D. HUFFAKER, being over the age of eighteen years, and for the purposes of forming a Corporation under the Idaho Nonprofit Corporation Act, hereby certify and adopt, in duplicate, the following Articles of Incorporation.

I. **NAME.** The name of the Corporation (hereinafter called "Corporation" which shall be the same entity as referred to in the Declaration as "Association") is THE VILLAGE II CONDOMINIUMS OWNERS, INC.

2. **DURATION.** The duration of this Corporation shall be perpetual.

3. **PURPOSES AND POWERS**

3.1. 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 provided for the acquisition, construction, management, operations, administration, maintenance, repair, improvement, preservation, and architectural control of THE VILLAGE II CONDOMINIUMS situated in Kootenai County, Idaho, and to promote the health, safety and welfare of all property owners within the Property as defined in the Declaration for THE VILLAGE II CONDOMINIUMS 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, according to that certain Condominium Declaration of THE VILLAGE II CONDOMINIUMS (the "Declaration") recorded or to be recorded with respect to said property in the office of the County Recorder of Kootenai County, Idaho. For the purpose of these Articles and other corporate documents, the definitions specified in the Declaration shall be applicable.

3.2. In furtherance of said purposes, and subject to the approval of members as required by law, the Declaration, or the Bylaws, this Corporation shall have power to:

3.2. 1. Perform all of the duties and obligations of the Corporation as set forth in the Declaration;

3.2.2. 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;

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3.2.3. 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;

3.2.4. 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;

3.2.5. 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;

3.2.6. 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;

3.2.7. 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;

3.2.8. 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 THE VILLAGE II CONDOMINIUMS OWNERS, INC. This Corporation in addition to other provisions, may provide for the qualification of members, the terms and conditions of admission, the time, mode, conditions and effect of expulsion or withdraw from the 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; and

3.2.9. Have and exercise any and all powers, rights, and privileges which a Corporation organized under the Idaho Nonprofit Corporation Act law, which exists now or hereafter.

4. MEMBERS AND MEMBERSHIP.

4.1. 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.

4.2. Membership. The Owner of a Unit in THE VILLAGE II CONDOMINIUMS shall automatically, upon becoming an owner of real property located in THE VILLAGE II CONDOMINIUMS of Kootenai County ("the project"), be a member of the Corporation, and shall remain a member thereof until such time as his/her ownership ceases for any reason, at which time his/her

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membership in the Corporation shall automatically cease or in the event membership is suspended or terminated. Membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Corporation. The Declarant shall obtain membership rights for each projected Unit as specified in the Declaration upon recording of the Declaration.

4.3. Transferred Membership. Membership in the Corporation shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit and or Living Unit in THE VILLAGE II CONDOMINIUMS 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/her name to the purchaser of his/her lot, the Corporation shall have the right and authority to transfer 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.

4.4. Classes of Membership. The Corporation shall have multiple classes of voting membership established according to the following provisions:

4.4.1. Class "A" Membership. Class "A" membership shall be that held by each Owner of a completed duplex Unit in THE VILLAGE II CONDOMINIUMS other than the Declarant, or its successors in interest with respect to the project (the "Declarant"). Each Class "A" member shall be entitled to one (1) vote for each owned duplex living unit located on the Property. If a Unit is owned by more than one person, each such person shall be a member of the Corporation, but there shall be no more than one (1) vote for each Unit. Multiple owners have joint rights and obligations but in the event they cannot agree how to vote on any issue, then they shall lose their right to vote on that issue.

4.4.2. Class "B" Membership. Class "B" membership shall be that held by each Owner of a completed Multifamily Unit in THE VILLAGE II CONDOMINIUMS other than the Declarant, or its successors in interest with respect to the project (the "Declarant"). Each Class "B" member shall be entitled to one (1) vote for each owned Multifamily Unit located on the Property. If a Unit is owned by more than one person, each such person shall be a member of the Corporation, but there shall be no more than one (1) vote for each Unit. Multiple owners have joint rights and obligations but in the event they cannot agree how to vote on any issue, then they shall lose their right to vote on that issue.

4.4.3. Class "D-1" and "D-2" Membership. Class "D" membership shall be that held by the Declarant, or its successor in interest. Class "D-1" shall be held by the Declarant of the duplex and multifamily portions of the Property. Each Class "D" member shall be entitled to TWO (2) votes for each living unit owned by Declarant and as specified in the Declaration.

4.4.4.1. Class "D-1" membership shall be respectively converted to Class "A" or "B" (in accordance with the above definitions) and shall forever cease to exist on the occurrence of whichever of the following is first in time: when the total outstanding voting power held by Class "A" and "B" members equals the total outstanding voting power (doubled as stated above) held by the Class "D-1" member, or on the third (3rd) anniversary of the recordation of the sale of the first Unit located in the duplex or multifamily portion of the Project.

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4.4.5. 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 the Units shall have no vote until the Unit is completed. Upon completion of a Unit contractor shall be a Class A, B, or C member in accordance with criteria specified above.

4.4.6. 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.

4.5. Voting Requirements. Except where otherwise expressly provided in the Declaration, Articles of Incorporation or the Bylaws, any action by the Corporation which must have the approval of the Corporation membership before being undertaken, shall require the vote or written assent of the prescribed percentage of the total power (all classes combined) of the Corporation.

4.6. 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.

5. INITIAL REGISTERED OFFICE AND AGENT. The initial registered office of the Corporation shall be 315 E. Garden Avenue, Coeur d'Alene, Idaho, 83814, and the name of its initial registered agent is STANLEY D. HUFFAKER.

6. BOARD OF DIRECTORS. The affairs of this Corporation shall initially be managed by a Board of three (3) Directors, but may be changed to five (5) Directors from the earlier date of elimination of either "D-1" at a date specified by a majority of the Board of Directors. The names and addresses of the persons, who are to serve as the initial Directors of the Corporation until the selection of their successors, are:

<u>NAME</u>	<u>ADDRESS:</u>
Stanley D. Huffaker	315 E. Garden Avenue Coeur d'Alene, ID 8381
Steven D. Huffaker	596 Hayden Av. Hayden Lake, ID 83835
Richard Linde	714 S. 11 St. Coeur d'Alene, Id. 83814

7. DISSOLUTION. Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, distribute all the assets of the Corporation consistent with the purposes of the Corporation. Any such assets not so distributed shall be distributed by the district court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations, as such court shall determine to be consistent with the purposes of the Corporation.

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INCORPORATOR. The name and address of the incorporator is:

NAME

ADDRESS

Stanley D. Huffaker

315 E. Garden Avenue Coeur d'Alene, ID83814

9. AMENDMENT OF ARTICLES. So long as Class "A," "B," and "D-1" membership are still in effect, these Articles shall be amended only by the vote or written assent of at least one-half (1/2) of a quorum of the voting power of each class membership except in the instance of special right to amend as specified in the Declaration in such case a majority vote of Class "D-1" shall be sufficient to amend. Following the conversion of Class "D-1" membership to Class "A," membership, these Articles shall be amended only by the vote or written assent of members representing at least two-thirds 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 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 sixty-seven percent (67%) of the total allocated votes in the Association then the amendment must also be approved by fifty-one percent (51 %) of First Mortgage who have submitted a written request that the Association notify them of any proposal 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:

9.1. Termination of Declaration or legal status of Project;

9.2. Voting rights

9.3. 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;

9.4. Reductions in reserves for maintenance, repair, and replacement of Common Area;

9.5. Responsibility for maintenance and repairs;

9.6. Reallocation of interests in the general or Limited Common Area or Limited Common Area, or rights to use such area;

9.7. Redefinition of any unit boundaries;

9.8. Convertibility of Units into Common Elements or vice versa;

9.9. Expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project;

9.10 Hazard or fidelity insurance requirements;

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9.11 Imposition of any restrictions on the leasing of units;

9.12. Imposition of any restrictions on a Unit Owner's right to sell or transfer Owner's interest in the Unit;

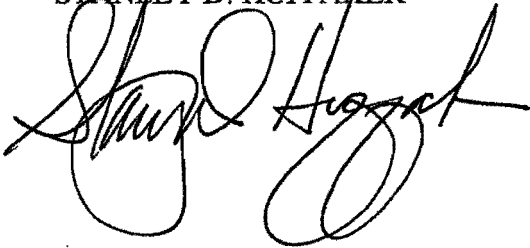
9.13. Establishment of self-management, if professional management had been required previously by the project documents or by an eligible mortgage holder;

9.14. Restoration or repair of the project (after damage or partial condemnation) in a manner other than that specified in the documents; or

9.15. Any provisions that expressly benefit of First Mortgagees.

For the purposes of forming this Corporation under the laws of the State of Idaho, we, the undersigned, constituting the Incorporators of this Corporation, have executed these Articles of Incorporation on the 13 day of Dec., 2000.

STANLEY D. HUFFAKER

A handwritten signature in black ink, appearing to read "Stanley D. Huffaker", written over the printed name.

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STATE OF IDAHO)

)ss.

COUNTY OF KOOTENAI)

On this 13TH day of DECEMBER, in the year of 2000, before me JACQUELINE SERGEANT, personally appeared STANLEY D. HUFFAKER, known or identified to me (or proved to me on the oath of ), to be the person(s) whose name(s) IS subscribed to the within instrument, and acknowledged to me that HE executed the same.

  
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Notary Public of Idaho  
Residing at: GREENACRES, WA.  
Commission Expires: 2-24-2004

Jacqueline Sergeant  
Notary Public  
State of Idaho