

BY-LAWS
OF
THE TIMBERS PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I.

OFFICES

The principal location and office of the corporation shall be McCall, Valley County, State of Idaho. The Board of Directors may in its discretion establish and maintain such other offices whenever and wherever the business of the corporation may require.

ARTICLE II.

The Master Declaration of Covenants, Conditions and Restrictions of The Timbers, (hereinafter referred to as the "Master Declaration") which Master Declaration is filed of record as Instrument Number -----, on the -- day of --, 19--, Records of Valley County, State of Idaho are hereby incorporated and made a part of these By-Laws by reference. A copy of the Master Declaration is attached hereto as Exhibit "A".

ARTICLE III.

MEMBERSHIPS.

1.

Owners.

The corporation shall not issue any capital stock, but shall issue membership certificates to each Member hereof, including Grantor, under the terms and conditions hereinafter set forth. Each owner (including Grantor) of a Lot or Condominium, by virtue of being such an Owner and for so long as he is such an Owner shall be deemed a Member of the Master Association. The Master Association membership of each Owner (including Grantor) shall be appurtenant to said Lot or Condominium and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said Lot or Condominium, and then only to the transferee of title to said Lot or Condominium. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said Lot or Condominium shall operate automatically to transfer said membership to the new Owner thereof.

In the event of dispute as to membership the ownership of such Lot and/or Condominium as shown in the public records of the County of Valley, State of Idaho, shall be determinative.

The names, names or entity under which membership appears on the books and records of the corporation shall be maintained until such time as satisfactory evidence of a change in membership is presented to the Secretary.

Members of the Master Association may vote either in person or by proxy provided that all proxies shall be in writing, signed by the Members and filed with the Secretary twenty-four (24) hours before the time appointed and scheduled for the meeting at which such vote shall be taken.

The Members shall be permitted to enter into voting agreements containing such terms, provisions and for such duration as they may in their judgment deem necessary or convenient to accomplish and achieve the purposes and objectives of the Master Association.

2.

Voting.

A.

Number of Votes.

The Master Association shall have two classes of voting membership:

Class A.

Class A members shall originally be all Owners with the exception of Grantor, and shall be entitled to one vote for each Lot and/or Condominium Owned. Grantor shall become a Class A member with regard to Lots or Condominiums owned by Grantor in a particular Tract or Condominium Project upon the conversion of Grantor's Class B membership to Class A membership with regard to that Tract or Condominium Project as provided hereinbelow. The Owner of each Lot or Condominium in The Timbers may, by notice of the Association, designate a person (who need not be an Owner) to exercise the vote for such Lot or Condominium. Said designation shall be revocable at any time by notice to the Association by the Owner. Such powers of designation and revocation may be exercised by the guardian of an Owner's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody or during the administration of an Owner's estate, by his executor or administrator where the latter's interest in said

property is subject to administration in his estate.

Class B.

The Class B member shall be Grantor. Upon the first sale of a Lot or Condominium to an Owner in each Tract or Condominium Project, Grantor shall thereupon be entitled to three (3) votes for each Lot in that tract or each Condominium in that Condominium Project owned by Grantor. As to each Tract and Condominium Project, the Class B membership shall cease as to that Tract or Condominium Project and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(1) When the total votes outstanding in the Class A membership for that Tract or Condominium Project equal the total votes outstanding in the Class B membership for that Tract or Condominium Project, or

(2) Five (5) years from the first sale to an Owner of a Lot or Condominium in that Tract or Condominium Project to an Owner.

B.

Joint Owner Disputes.

The vote for each such Lot or Condominium shall, if at all, be case as a unit, and fractional votes shall not be allowed. In the event that joint Owner are unable to agree among themselves as to how their vote or votes shall be case, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot or Condominium, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Lot or Condominium.

C.

Meetings of Owners.

There shall be a meeting of the Owners on the 30th day of December of each year at McCall, Idaho, or at such other reasonable place or time (not more than thirty (30) days before or after such date) as may be designated by notice of the Board given to the Owners not less than seven (7) nor more than sixty (60) days prior to the date fixed for said meeting. A special meeting of

the Owners may be called at any reasonable time and place by notice of the Board or by the Owners having one-fifth (1/5) of the total votes and delivered to all other Owners not less than fifteen (15) days prior to the date fixed for said meeting. The presence at any meeting, in person or by proxy, of the Owners entitled to vote at least a majority of the total votes shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Owners present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than forth-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the Owners entitled to vote at least twenty-five per cent (25%) of the total votes. The president of the Association (or the vice president in his absence) shall act as chairman of all meetings of the Owners and the secretary of the Association (or an assistant secretary thereof in his absence) shall act as secretary of all such meetings. Except as otherwise provided herein, any action may be taken at any meeting of the Owners upon the affirmative vote of the Owners having majority of the total votes present at such meeting in person or by proxy; provided, however, that the members of the Board shall be elected by cumulative voting as provided in sub-section 2D of Article III of these By-Laws. At each annual meeting, the Board shall present a written statement of The Timbers Maintenance Fund, itemizing receipts and disbursements for the preceding calendar year and the allocation thereof to each Owner. Within ten (10) days after the date set for each annual meeting, the assessment statement shall be delivered to the Owners not present at said meeting.

D.

Cumulative Voting.

In any election of the members of the Board, every Owner (including Grantor) entitled to vote at such an election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that Owner is entitled in voting upon other matters multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

E.

Transfer of Voting Right.

The right to vote may not be severed or separated from

the ownership of the Lot or Condominium to which it is appurtenant, except that any Owner may give a revocable proxy, or may assign his right to vote to a lessee or Beneficiary of the Lot or Condominium concerned for the term of the lease or Deed of Trust, and any sale, transfer or conveyance of such Lot or Condominium to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner, subject to any assignment of the right to vote to a lessee or Beneficiary as provided herein.

F.

Removal of Directors.

Any Director may be removed from office by a vote of a majority of the members entitled to vote at an election of directors; provided, however, that unless the entire Board is removed, an individual director shall not be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of votes cast is divided by one plus the authorized number of directors. If any or all directors are so removed, new directors may be elected at the same meeting.

G.

Conduct of the Meeting.

At all meetings of the Members the following order of business shall be observed insofar as it is consistent with the purposes and objectives of the meeting:

- a. Calling the roll to determine the member's certificates represented at the meeting;
- b. Reading of notice and proof of call of meeting;
- c. Reports of Officers;
- d. Reports of committees;
- e. Unfinished business;
- f. New business;
- g. Election of directors;
- h. Miscellaneous business.

Meetings of the Members shall be conducted by the officers in order of their priority.

ARTICLE IV.BOARD OF DIRECTORS.

1.

General Powers.

The property, business and affairs of the corporation shall be controlled and managed by the Board of Directors.

2.

Number.

The Board shall consist of three (3) Members. The Board shall have the power to increase its number at any annual meeting, provided that proper notice is given to the Members, and provided further that the Board may not increase its number to more than nine (9) Members and if the number of the Board is increased the Members of the Master Association shall have the right to vote for such new Board Members.

3.

Qualification; Election; Term.

Directors need not be Members of the Master Association and shall be elected by the Members at their annual meeting. Directors shall serve for a term of one year and shall continue in office only until their successors are duly elected and qualified.

4.

Removal; Resignation.

Any director may be removed with or without cause by a majority vote of the members of the Master Association in accordance with the voting power of their membership in the Master Association at a meeting called for that purpose. Any director may resign by submitting a written notice to the Board stating the effective date of his resignation, and acceptance of the resignation shall not be necessary to make it effective. In any action to remove a director or directors each Member shall be entitled to cumulate his votes in accordance with subsection D of Article III of these By-Laws.

5.

Vacancies.

Any vacancy occurring on the Board whether by removal, resignation, death, increase in the number of directors or

otherwise, shall be filled by the majority vote of the remaining qualified directors though less than a quorum. A director selected to fill a vacancy on the Board shall hold office until the next annual election of directors and shall continue in such office only until his successor is duly elected and qualified.

6.

Meeting.

There shall be a regular annual meeting of the Board immediately following the annual meeting of the Members of the Master Association, and the Board may establish regular meetings to be held at such other places and times as may be determined from time to time. After the establishment of the time and place for such regular meetings, no further notice thereof need be given. Special meetings of the Board may be called by the president or upon written request delivered to the secretary by any two directors.

7.

Notice; Waiver.

Five (5) days' notice of special meetings shall be given to each director by the secretary. Such notice may be given orally either in person or by telephone or in writing served on or mailed or telegraphed to each director.

Written waiver of notice signed by a director or his attendance at a meeting of the Board shall constitute a waiver of notice of any such meeting, except where attendance is for the express purpose of objecting to either the failure to receive such notice or defects contained therein.

8.

Quorum; Vote Required; Adjournment.

At any meeting of the Board two (2) directors shall constitute a quorum. If a quorum is present the action of a majority of the directors present and voting shall be the act of the Board except as otherwise specifically required by the Articles of Incorporation or these By-Laws. If a quorum is not present, the majority of the directors present may adjourn the meeting from time to time without further notice other than announcement of the meeting.

9.

Action of Directors Without a Meeting.

Any action taken at a meeting of the Board may be taken without such a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

10.

Advisory Committee.

The Board by resolution may create an advisory committee. The number of members of the advisory committee and the persons who shall be members thereof shall be determined by the Board. The Board shall have the discretion to appoint non-members to the advisory committee PROVIDED that a majority of the members of the advisory committee shall be Members of the Master Association.

11.

Rules.

The Board may adopt such of The Timbers Rules as it deems proper for the use and occupancy of the Master Association Property. A copy of The Timbers Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may but need not be recorded. Upon such mailing, delivery or recordation, The Timbers Rules shall have the same force and effect as if they were set forth in and were a part of the Master Declaration.

12.

Liability of Board Members and Manager.

No member of the Board, or the Manager shall be personally liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Master Association, the Board, the Manager or any other representatives or employees of the Master Association, or the Architecture Committee, provided that such Board Member, or the Manager, has, upon the basis of such information as may be possessed by him, acted in good faith

13.

The Board may delegate any of its duties, powers or functions to any person, corporation or firm to act as Manager, pro-

vided that any such delegation shall be revocable upon notice by it.

ARTICLE V.

OFFICERS.

1.

General.

The executive officer of the corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, all of whom shall be elected by and serve at the pleasure of the Board.

The Board may appoint such other officers, agents, factors, and employees as it may deem necessary or desirable, all of whom shall serve at the pleasure of the Board. Any person may hold two or more positions simultaneously.

2.

President.

The President shall be the chief executive officer of the corporation. Subject to the direction of the Board he shall have the general powers and duties of supervision, management, and coordination of the affairs of the corporation usually vested in and attributed to the office of President. He shall preside at all meetings of the Members of the Association.

3.

Vice President.

A Vice President shall perform the duties and exercise the powers of the President in case of his sickness, disability, absence, death, inability or failure to act, and he shall perform such other duties, carry out such other responsibilities, and have such other authority as may be delegated to him from time to time by the President or the Board.

4.

Secretary.

The Secretary shall attend all sessions of the Board and all meetings of the Members and act as the Clerk thereof and

record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall be the custodian of the records and of the seal of the corporation and shall affix the corporate seal to all documents requiring the same and shall see that all notices are duly given in accordance with the provisions of these By-Laws and as required by law. He shall see that all books, records, reports and other documents of the corporation are properly kept and filed in accordance with the provisions of these By-Laws as is required by law, and in general he shall perform all duties incident to the office of Secretary and as required by law and he shall perform such other duties, carry out such other responsibilities, and have such other authority as may be delegated to him from time to time by the President or the Board. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his sickness, disability, absence, death, inability or failure to act.

5.

Treasurer.

The Treasurer shall have charge and custody of and be responsible for all sorts of securities of the corporation. He shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such banks and depositories as shall be designated by the Board. He shall keep books of account and records of all his transactions as Treasurer and of the financial condition of the corporation and shall submit such reports thereof as the Board may from time to time require; and in general shall perform all of the duties incident to the office of the Treasurer as required by law, and he shall perform such other duties, carry out such other responsibilities, and have such other authority as may be delegated to him from time to time by the President or the Board. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, sickness, disability, absence, inability or failure to act.

6.

Compensation.

Officers, agents, factors and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board. Appointment of any officer, agent, factor or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, factor or employee.

The Board shall designate which person or persons may sign checks, drafts and notes and order for the payment of money. If the Board fails to make such designation either the President, the Vice President or the Treasurer shall have such power.

5.

Seal.

The Board of Directors may adopt a corporate seal of such design as may be appropriate.

6.

Records.

The corporation shall maintain accurate, correct and complete books, records and accounts of its business and properties which shall all be kept at such place as is from time to time fixed and designated by the Board of Directors.

ARTICLE VII.

AMENDMENTS.

The By-Laws may be altered, amended or new By-Laws adopted at any regular meeting or any special meeting of the Members thereof called for that purpose by the affirmative vote of two-third (2/3) of the voting power of the Members present at such meetings; provided, however that Article III, Section 1 and Article III, Section 2A through Section 2F of these By-Laws shall not be amended without the vote or written consent of not less than eighty per cent (80%) of the combined total number of Lots and Condominiums then within The Timbers, plus, and until completion, the written consent thereto of Grantor.

APPROVED AND ADOPTED this __ day of --, 1973, by the undersigned Members of the initial Board of Directors of the Corporation.

ARTICLE VI.CONTRACTS, SPECIAL ASSESSMENTS,
CONVEYANCES, CHECKS AND MISCELLANEOUS.

1.

Contracts.

The Board may authorize any officer or agent of the corporation to enter into any contract or execute any instrument in the name of the corporation except as otherwise specifically required by the Articles of Incorporation and by these By-Laws; provided that the Board may not enter into any contract with the Grantor (McCall Development Company, Inc.) which binds the Master Association for a period in excess of one year, unless reasonable cancellation provisions are included in such contract.

2.

Conveyances and Encumbrances.

Corporate property may be conveyed or encumbered by authority of the Board or such other person or persons to whom such authority may be delegated by resolution of the Board or of the executive committee thereof. Conveyances or encumbrances shall be by instrument executed by the President or a Vice President and by the Secretary or the Treasurer or executed by such other person or persons to whom such authority may be delegated by the Board of the executive committee thereof.

3.

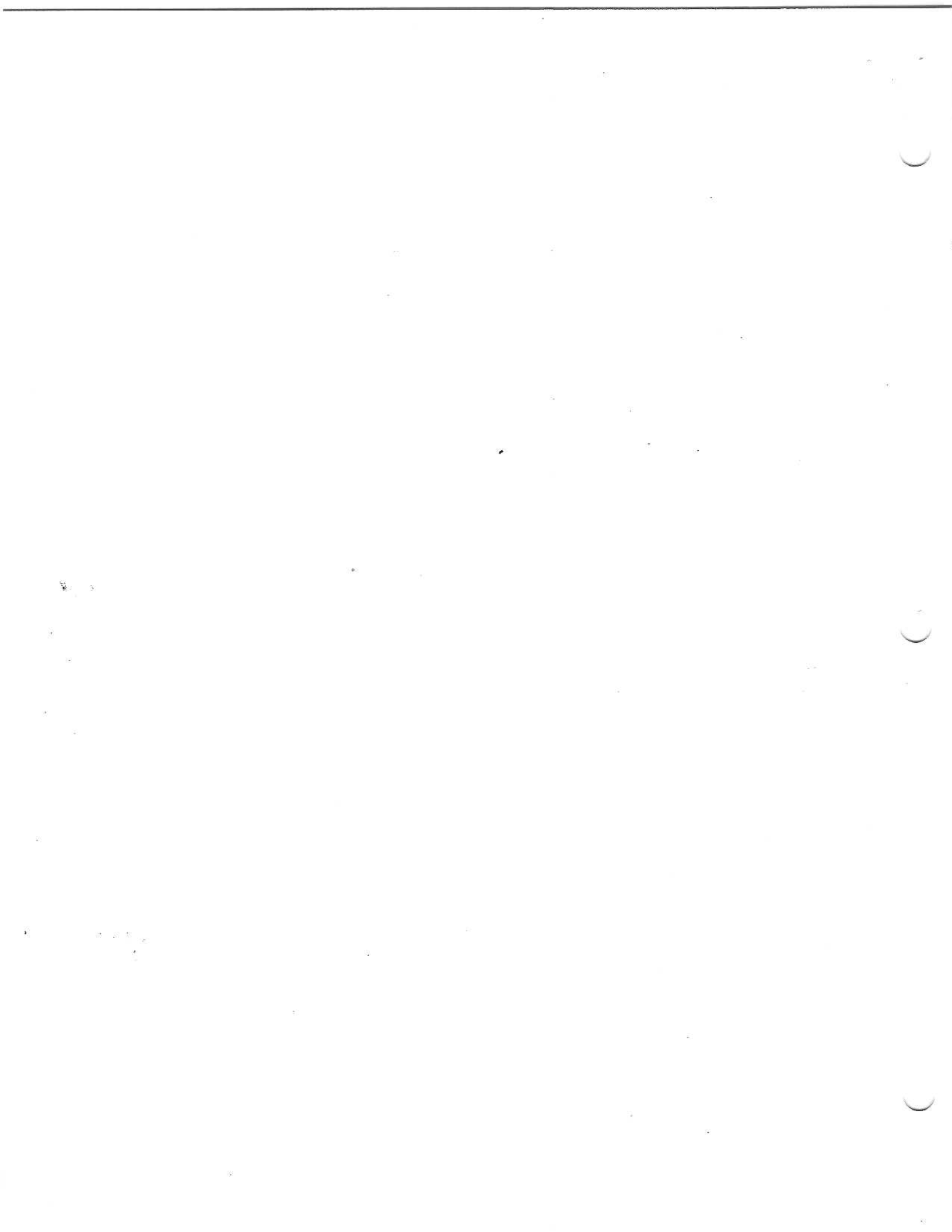
Special Assessments.

In addition to the regular assessments levied by the Board, it may with the consent of fifty-one per cent (51%) of the voting power of the Members levy a special assessment or assessments for the purpose of making Capital Improvements to the Master Association Property. Until expended, such funds shall constitute a capital reserve to be used solely for the purposes set forth in the Notice of the Special Meeting of the Members called for the purpose of voting on the proposed assessment or assessments.

4.

Checks.

Together being all the Members of the initial Board of Directors.



Articles of Incorporation

of

TIMBERLOST VI. ESTATES,

HOMEOWNERS ASSOCIATION, INC.

A Non-Profit Cooperative Association

Suite 9, Yacht Club Building

203 East Lake Street

Post Office Box "AP"

McCall, Idaho 83638

July, 1990

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OF

TIMBERLOST VI ESTATES, HOMEOWNERS ASSOCIATION, INC.

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ARTICLES OF INCORPORATION

OF

TIMBERLOST VI ESTATES, HOMEOWNERS ASSOCIATION, INC.

* * * * *

KNOW ALL MEN BY THESE PRESENTS: that we, the undersigned, being natural persons of age and citizens of the United States, in order to form a corporation pursuant to Chapter 3, Title 30, Idaho Code, which corporation shall be a non-profit cooperative association, for the purposes hereinafter stated, under and pursuant to the provisions of Chapter 3, Title 30, 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 I.

NAME AND ADDRESS:

The name of the corporation shall be Timberlost VI Estates, Homeowners Association, Inc. For convenience, the corporation shall be referred to in this instrument as the "Association". The business address of the association shall be Suite 9, Yacht Club Building, 203 East Lake Street, Post Office Box AP, McCall, Idaho 83638

ARTICLE II.

DEFINITIONS:

For purposes of these Articles, the following words and terms shall be accorded definitions as follows:

Section 2.01.

"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.

Section 2.02.

"Association"

This non-profit corporation, or any successor thereof, formed for the purpose of administering the Supplemental Declara-

tion of "Timberlost VI Estates", and the Master Declaration of "The Timbers", and assuming the duties and obligations set forth therein.

Section 2.03.

"Development"

The project to be carried out by grantors, (or that process) resulting in the improvement of the project, including landscaping, construction of roadways, utility services, construction of dwelling lots and condominium units, facilities to be used in connection with the project and other improvements.

Section 2.04.

"Owner"

The record owner, whether one or more persons or entities, of a fee simple title to any real property or interest in a condominium unit 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 of "The Timbers" or the Supplemental Declaration for the "Timberlost VI Estates", the owner of such area shall be the Grantors.

Section 2.05.

"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.

ARTICLE III.

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 lots and condominium units located in that parcel of

real property in Valley County, Idaho, commonly known and referred to as "Timberlost VI Estates".

Section 3.02

To satisfy those duties and requirements set forth in that certain Master Declaration of Covenants Conditions and Restrictions for "The Timbers" and the Supplemental Declaration of "Timberlost VI Estates".

Section 3.03

To be an administrative, managerial, rule making and enforcement body for the project;

Section 3.04

To provide for maintenance, utilities, gardening and 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 of "The Timbers", the Supplemental Declaration of "Timberlost VI Estates" 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 law-

ful means, of all assessments deemed necessary and convenient by the board of directors of this corporation and pursuant to the terms of the Master Declaration of "The Timbers" and the Supplemental Declaration of "Timberlost VI Estates", and to levy, collect and enforce payment by any lawful means of all assessments certified, in accordance with the provisions therefore contained in the By-Laws. Assessments may be secured by a lien upon real property to which membership rights are appurtenant, in the manner prescribed in the By-Laws;

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 of "The Timbers", the Supplemental Declaration of "Timberlost VI Estates", 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 of "The Timbers" and the Supplemental Declaration of "Timberlost VI Estates".

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 named, or which shall at any time appear conducive 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 of "The Timbers" and the Supplemental Declaration of "Timberlost VI Estates".

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 hereinbefore 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 IV.

EXISTENCE:

The corporation is to have perpetual existence.

ARTICLE V.PRINCIPAL PLACE OF BUSINESS:

The location and post office address of the registered office and principal place of business of the corporation is Suite 9, Yacht Club Building, 203 East Lake Street, McCall, Idaho. The registered agent of the corporation in the State of Idaho is Don Medley, with an address of Post Office Box 772, McCall, Idaho 83638.

ARTICLE VI.PURPOSE:

This Association shall be deemed a domestic corporation to serve as a management body and to administer the project, pursuant to the provisions of the Master Declaration of "The Timbers", and the Supplemental Declaration of the "Timberlost VI Estates".

ARTICLE VII.MEMBERSHIP:

Every person or entity who is a record owner of a fee or undivided fee interest in any lot or an interest in a condominium unit within the 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 lot or condominium 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 VIII.VOTING RIGHTS:

Members of the Association, including Declarant, shall be entitled to one (1) vote for each lot or condominium unit owned. When more than one person holds an interest in any lot or condo-

minium unit, all such persons shall be members. The vote for such lot or condominium 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 lot or condominium unit. Said vote shall be cast by the designated "voting owner" for that lot or condominium unit as provided herein. In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any owner casts a vote representing a certain lot or condominium unit, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other owners of the same lot or condominium unit.

ARTICLE IX.

DIRECTORS:

Section 9.01

The affairs of the Association will be managed by a Board of Directors, 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. Director vacancies shall be filled in the manner provided by the By-Laws.

Section 9.02

Until the 31 day of December, 1991, all the Directors shall be the designees, and nominees of Declarant, subject nevertheless to the following; when lot or condominium unit owners, other than the Declarant, own Twenty-five percent (25%) or more of the lots and 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 lots and 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 lot or condominium unit.

Section 9.03

Declarant at all times reserves the right to relinquish

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 31st day of December, 1991, 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 lot or condominium 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:

Name:	Address:
Don Medley	Post Office Box 772 McCall, Idaho 83638
Myrna Medley	Post Office Box 772 McCall, Idaho 83638
Dick Medley	Post Office Box "G" Pierce, Idaho 83546
Janice Medley	Post Office Box "G" Pierce, Idaho 83546

ARTICLE X.

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: Don Medley
Vice president: Myrna Medley
Secretary: Dick Medley
Treasurer: Dick Medley

ARTICLE XI.

LIABILITY OF MEMBERS:

Members shall be individually liable for the assessments of the Association assessed and levied upon their lot, or condominium 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 lots or condominium units and only the member's pro-rata share of real property taxes levied on the Association property, and 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.

No members of this corporation shall be personally liable for the debts, liabilities, or obligations of the corporation, except as above set forth.

ARTICLE XII.

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 malfeasance 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 XIII.

BY-LAWS:

The first By-Laws of the Association shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided by the By-Laws. Provided, that prior to the time that the Supplemental Declaration of "Timberlost VI Estates" is filed for Public record, said first Board of Directors shall have full power to amend, alter or rescind said By-Laws by a majority vote.

ARTICLE XIV.

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 lot or condominium 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 lot and condominium unit owners and no amendment shall be made that is in conflict with the Declarations.

ARTICLE XV.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 purpose of any law which refers to organizations exempt from income taxes. Further, this Association is an organization which is a Residential Real Estate Management Association organized and operated to provide for the acquisitions, construction, management, maintenance and care of Association property, where 60% or more of the gross income of this Association for any taxable year shall consist solely of amounts received as membership dues, fees or assessments from owners of residential lots or condominium units in the case of lot 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 XVI.

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 of "The Timbers" and the Supplemental Declaration of the "Timberlost VI Estates", and in any conflict between the terms and provisions of these documents, the terms and provisions of the Declarations shall prevail.

ARTICLE XVII.

SUBSCRIBERS:

The names and addresses of the subscribers to these Articles of Incorporation are as follows:

Don Medley
Post Office Box 772
McCall, Idaho 83638

Dick Medley
Post Office Box "G"
Pierce, Idaho 83546

State of Idaho,)
(ss.
County of Valley)

On this 25th day of July, 1990, before me, the undersigned, a Notary Public in and for said state, personally appeared Don Medley and Dick Medley, known to me to be the per-

sons 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 hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho
Residing at McCall, Idaho.
My Commission expires 04/22/91

