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**DECLARATION OF CONDOMINIUM OF
LILLEHAMMER CONDOMINIUMS
(EMBODYING THEIR COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATIONS, AS WELL AS THE BYLAWS OF THEIR MANAGEMENT BODY)**

SVEIN NOSTAD AHL and STEFANIE A. NOSTDAHL, husband and wife, (collectively, the Declarant") are the owners of real property in Bonner County, Idaho, described in Addendum 1 that is attached and incorporated by reference together with the improvements thereon (the "Property").

Pursuant to the laws of the State of Idaho, including the Idaho Condominium Property Act, Idaho Code §55-1501, *et seq.*, (the "Act"), and for the intent and purposes of creating a project and subjecting the Property to the provisions of the Act, the Declarant, being the sole owner, lessee, or possessor of the Property, makes this Declaration of Condominium of Lillehammer Condominiums (Embodying their Covenants, Conditions, Restrictions and Reservations, as well as the Bylaws of their Management Body) (the "Declaration").

By acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment, respecting the Property or any Unit in the Condominium created by this Declaration, it is agreed that this Declaration, together with the Survey Map and Plans referred to herein, state the covenants, conditions, restrictions, and reservations effecting a common plan for the Condominium development mutually beneficial to all of the described Units, and that the covenants, conditions, restrictions, reservations, and plans are binding upon the entire Condominium and upon each such Unit as a parcel of realty, and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Condominium or any security interests therein, without any requirement of further specific reference or inclusion in deeds, contracts, or security instruments and regardless of any subsequent forfeitures, foreclosures, or sales of Units under security instruments.

Article 1
INTERPRETATION AND BINDING EFFECT

1.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Condominium under the provisions of Idaho Law. It is intended and covenanted also that, insofar as it affects this Declaration and Condominium, the provisions of the Act under which this Declaration is operative shall be liberally construed to effectuate the intent of this Declaration insofar as reasonably possible.

1.2 Consistent with Act. The terms used herein are intended to have the same meaning given in the Act unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

1.3 Covenant Running with Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, binding upon Declarant, its successors and assigns, and all subsequent Owners of the Property or portions thereof, including but not limited to units, common areas and special limited common areas, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, supplementing a d interpreting the Act. and operating independently of the Act should the Act be, in any respect, inapplicable.

1.4 Original Owners. Declarant is the original owner of all Units and Property and shall continue to be deemed the owner thereof except as conveyances or documents changing such ownership regarding specifically described Units are filed of record.

1.5 Cautions and Exhibits. Captions given to the various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The addenda referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth.

1.6 Severability: Rule Against Perpetuities: Conflicts. All provisions of this Declaration are severable. The rule against perpetuities may not be applied to defeat any provision of the Declaration, Bylaws, rules, or regulations adopted pursuant to the Act. In the event of a conflict between the provisions of the Declaration and the Bylaws, the Declaration prevails except to the extent the Declaration is inconsistent with the Act. The creation of this condominium shall not be impaired and title to the Unit and Common Area shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of the Declaration or survey map and plans or any amendment thereto to comply with the Act.

1.7 Separate Interest - Taxation. Each Unit which has been created, together with its allocated interest in the Common Area, constitutes, for all purposes, a separate parcel of Real Property. Each Unit, together with its interest in the Common Area, must be separately assessed and taxed.

1.8 Definitions.

1.8.1 "Board" means the Board of Directors of the Management Body as set forth in Article 7.

1.8.2 "Conveyance" means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract and with respect to a Unit in a leasehold condominium, a transfer by lease or assignment thereof, but shall not include a transfer solely for security

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1.8.3 "Eligible Mortgagee" means the holder of a mortgage or other security interest on a Unit that has filed with the Management Body a written request that it be given copies of notices of any action by the Management Body or other Unit Owner, as applicable, that requires the consent of Mortgagees.

1.8.4 "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a Mortgage, Real Estate Contract, Deed of Trust or a deed in lieu thereof.

1.8.5 "Manager" means the person or persons retained by the Management Body to perform such management and administrative functions and duties with respect to the Condominium as are delegated to such person and as are provided in written agreement between such person and the Management Body.

1.8.6 "Mortgage" means a mortgage or deed of trust that creates a lien against a Unit and also means a real estate contract for the sale of a Unit.

1.8.7 "Mortgagee" means the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Unit or the Property created by mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Unit or the Property.

1.8.8 "Person" means a natural person, corporation, joint venture, partnership, limited partnership, Limited Liability Company, trust, association, governmental subdivision or agency, or other legal entities.

1.8.9 "Property" or "Real Property" means any fee, leasehold or other estate or interest in, over, or under the land described in Addendum 1, including buildings, structures, fixtures, and other improvements thereon and easements, rights, and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. "Property" includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water.

1.8.10 "Survey Map and Plans" means the survey map and the plans recorded as attachments to this Declaration and any amendments, corrections, and addenda thereto subsequently recorded, and the Record of Survey, recorded N/A as Instrument No. N/A, records of Bonner County, Idaho.

Article 2

DESCRIPTION OF REAL PROPERTY


2.1 Legal Description. The Real Property included in the Condominium project is described in Addendum 1 attached hereto.

Article 3

DESCRIPTION OF UNITS

3.1 Number of Units. The number of Units which Declarant has created and/or intends to create, but which the Declarant reserves the right to change (whether by an increase or decrease) is set forth in Addendum 3 attached hereto.

DECLARATION OF CONDOMINIUM OF LILLEHAMMER CONDOMINIUMS- 3

 This document is a Unit Number of Title One. The identifying Number of Each Unit created by the Declaration is set forth in Addendum 2 attached hereto.

3.3 Unit Description. With respect to each existing and intended Unit, the following are set forth in Addendum 2 attached hereto:

- (a) The approximate square footage.
- (b) The number of bathrooms, whole or partial.
- (c) The number of rooms designated primarily as bedrooms.
- (d) The number of built-in fireplaces.
- (e) The level or levels on which each Unit is located.
- (f) The type of heat and heat service.

3.4 Access to Common Lanes and Public Streets. Each Unit has direct access to Common Area stairways, lobbies, walls, parking areas and/or driveways, and all such Common Areas have direct access to public streets as set forth in Addendum 2 attached hereto.

Article 4 BOUNDARIES

4.1 Unit Boundaries.

4.1.1 Interior Surfaces. The interior surfaces of perimeter walls, floor, and ceilings are designated as the boundaries of a Unit. Decorative and finished surface coverings are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Area.

4.1.2 Ducts. Wires. Etc.: Partitions. Etc. If any storage area or unit, chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Area allocated solely to the Unit, and any portion thereof serving more than one Unit or any portion of the Common Area is a part of the Common Area. All spaces, interior partitions, and other fixtures and improvements solely within the boundaries of a Unit are a part of the Unit.

4.1.3 Shutters. Etc. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and all exterior doors and windows or other fixtures designated to serve a single Unit, but which are located outside the Unit's boundaries, are Limited Common Area allocated exclusively to that Unit.

4.2 Monuments as Boundaries The physical boundaries of a Unit constructed in substantial accordance with the original Survey Map and Plans thereof become its boundaries rather than the metes and bounds expressed in the Survey Map and Plans, regardless of settling or lateral movements of the Building or minor variances between boundaries shown on the Survey Map and Plans and those of the Building. This Section does not relieve a Declarant or any other person of liability for failure to adhere to the Survey Map and Plans.



4.3 Relocation of Boundaries: Adjoining Units
provided courtesy
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4.3.1 In General. Subject to the provisions of the Declaration and other provisions of law, the boundaries between adjoining Units may only be relocated by an amendment to the Declaration upon application to the Management Body by the Owners of those Units seeking relocation of boundaries. If the Owners of the adjoining Units have specified a relocation of the boundaries between their Units of their Allocated Interests, the application must state the proposed relocations. Unless the Board determines within thirty days that the relocations are unreasonable or detract from the mutually beneficial purpose of the Condominium project, the Management Body shall approve the relocation and prepare an amendment that identifies the Units involved which states the relocations of the boundaries, is executed by the Owners of those units seeking relocations, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee.

4.3.2 Survey Map and Plans. The Management Body shall obtain and record Survey Maps and Plans complying with the requirements of the Act necessary to show the relocated boundaries between adjoining Units and their dimensions and Identifying Numbers. The costs of obtaining the Survey Maps and Plans and recording shall be sole responsibility of the Owners of the Units of the relocated boundaries.

Article 5
DESCRIPTION OF COMMON AREA

5.1 Common Area. Except as otherwise specifically reserved, assigned, or limited by this Declaration, the Common Area consists of all portions of the Condominium except Units, and specifically includes the following:

5.1.1 The Real Property described in Addendum 1.

5.1.2 The windows, roofs, foundations, columns, girders, studding, joists, beams, supports, walls (excluding non-bearing interior partitions of Units), chimneys, and all other structural parts of the Buildings, to the boundaries of the Units, and any replacements thereto.

5.1.3 Installations of central services such as: power, lights, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating; pipes, conduits, and wire; elevator shafts, tanks, pumps, motors, fans, compressors, ducts; and in general all apparatus and installations existing for common use; but excluding plumbing, electrical and similar fixtures, and which fixtures are located within a Unit for the exclusive use of that Unit.

5.1.4 The driving areas (not assigned as Limited Common Areas), which provide access to the Limited Common Area for parking, and any guest parking, or other parking areas not assigned to Units.

5.1.5 The yards, gardens, landscaped areas, and walkways (not assigned as Limited Common Areas) which surround the Buildings and/or provide access to the Buildings or are used for recreational purposes.

5.1.6 The stairs, entrances, and exits of the Buildings.

5.1.7 Premises for the lodging or use of persons in charge of, or maintaining, the Property, if any.

5.1.8 All other parts of the Property necessary or convenient to its existence, maintenance, and safety, or normally in common use.

Article 6
DESCRIPTION OF LIMITED COMMON AREA
AND SPECIAL LIMITED COMMON AREA

6.1 Limited Common Area. The Limited Common Area is reserved for the exclusive use of the Owner or Owners for the Unit or Units to which they are adjacent or assigned and, in addition to any Limited Common Area provided by law or other provisions of the Declaration, consist of:

6.1.1 Parking, Etc. Parking spaces and garage(s), and driving areas (if any), and storage units, which are assigned to a Unit by the Declarant pursuant to this Declaration and more particularly shown on the Survey Map and Plans, the boundaries of said parking spaces being defined by the interior surfaces of the walls, floor, curb and/or striping enclosing said parking space. Certain parking spaces may be unavailable at times due to snow accumulation. Each residential unit shall be assigned one corner storage unit and two designated parking spaces.

6.1.2 Boundary. If there is no fence, wall, or other enclosure establishing the boundary of a Limited Common Area, then the boundary shall be depicted on the Survey Map and Plans.

6.1.3 Special Limited Common Area. The maintenance room and laundry room are reserved for the exclusive use of the owners of Residential Units, as delineated in the attached Addendum 3, and as shown on the attached Addendum 2.

6.2 Transfer of Limited Common Area

6.2.1 Renting. After Declarant's initial assignment, a Unit Owner may rent or lease the parking space or storage unit assigned to that Unit to any other Unit Owner; provided, that the rental or lease term shall automatically expire on the date the lessor/Unit Owner disposes of its interest in the Unit (whether such disposition is by deed, contract, foreclosure or otherwise); and provided further, that the Board shall be notified in writing of the existence of any such rental or lease arrangement.

6.2.2 Reallocation Between Units. Any Limited Common Areas, except garages, may be reallocated between Units only with the approval of the Board and by an amendment to the Declaration executed by the Owners of, and approved in writing to by the Mortgagees holding Mortgages against, the Units to which the Limited Common Area was and/or will be allocated. The Board shall approve the request of the Owner(s) under this section within thirty days of receipt of a specific written request, unless the proposed reallocation does not comply with the Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed an approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium.

6.2.3 Reallocation of Common to Limited Common. A majority of the Unit Owners, including the Owner of the Unit to which the Limited Common Area will be assigned or incorporated must agree to reallocate a Common Area as a Limited Common Area or to incorporate a Limited Common Area into an existing Unit. Such reallocation or incorporation shall be reflected in an amendment to the Declaration, Survey Map, or Plans. Provided, however, this Section shall not apply with respect to any such reallocation or incorporation made as a result of the exercise of any Development Right reserved by Declarant

Article 7
MANAGEMENT BODY AND BYLAWS

7.1 Form of Management Body. The Management Body shall be comprised of the Unit Owners as members. The Management Body may select a management agent ("manager") who is not a member of the Management Body and to whom the management responsibilities are delegated in writing.

7.2 Membership. Each Unit Owner (including Declarant) shall be a member of the Management Body and shall be entitled to one membership and one vote for each Unit so owned (one vote only per unit), provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner for purposes of the Management Body, this Declaration, and these Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Unit shall be the sole qualification and requirement for membership in the Management Body. The membership shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon the transfer of title to said Unit and then only to the transferee of title to such Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Management Body appurtenant thereto to the now owner thereof.


7.3 Management Body Meetings.

7.3.1 Annual Meeting. There shall be at least one meeting annually of the membership of the Management Body. The first annual meeting of the members shall be held within one year from the date of recording this Declaration of Condominium. Except for the initial meeting, the annual meeting of the Management Body shall be held on the last week in December of each year at P .m. at the Property, or at such other reasonable time and place designated by the Board. In the event such annual meeting is omitted by oversight or otherwise, it may be held at a subsequent special meeting called in accordance with the provisions of these Bylaws and the laws of the State of Idaho, and any business transacted or elections held at such meetings shall be valid as if transacted or held at the annual meeting.

7.3.2 Special Meetings. Special meetings of the membership of the Management Body may be called from time to time by any two (2) members, the President, or the Board. Special meetings shall be held for a particular purpose(s) set forth in the notice thereof and no other business shall be transacted at a special meeting except as stated in the notice, unless by the unanimous consent of all members.

7.3.3 Notice. The Board or its delegates shall give to the members a notice of the annual meeting or any special meeting no less than ten (10) days nor more than forty (40) days prior to the date fixed for the meeting stating the place, day, and hour of such meeting. The notice shall include the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws and any changes that may result in a change in assessment obligations. The notice shall be sent and addressed to each member's last known address.

7.3.4 Conduct of Meeting. The President of the Management Body shall preside at all meetings of the members, and the Secretary of the Management Body shall record the minutes of all such meetings.

 7.3.5 Quorum. At any meeting of the membership, presence at the beginning of the meeting of at least a majority of the members entitled to vote shall constitute a quorum for any action. The act of a majority of the members present shall be the act of the membership, except where a different specific percentage rate is required by this Declaration.

7.3.6 Voting: Proxies. Each member shall be entitled to one (1) vote on each matter submitted to a vote of the membership. Voting powers may be exercised by the guardian, administrator(s) or executor(s) of an owner's estate. If a Unit is owned by more than one person, the co-owners of the Unit must designate between or among themselves and advise the Board in writing of the person among the multiple owner who will cast the collective vote allocated to that Unit. The vote allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner(s). If there is more than one Unit Owner, all Unit Owners must sign any proxy for the proxy to be valid. A Unit Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Management Body. A proxy is void if it is not dated or purports to be revocable without notice. Unless a shorter period is stated otherwise in the proxy, a proxy terminates eleven months after its date of issuance. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of the member's Unit.

7.3.7 Pledged Votes. If an Owner is in default under a first Mortgage on a Unit for ninety (90) consecutive days or more, the Mortgagee shall automatically be authorized to declare at anytime thereafter that the Unit Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Secretary of the Management Body has been notified of any such pledge by a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with the pledge has been provided to the Secretary of the Management Body. Amendments to this subsection shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any.

7.4 Board of Directors.

7.4.1 General Powers. The business and affairs of the Management Body shall be managed by the Board of Directors, except with respect to matters to be determined by the Owners or Members pursuant to this Declaration, the Act, or the laws of the State of Idaho.

7.4.2 Qualification. Directors must be members of the Management Body and may, but need not, be residents of the State of Idaho. Each director shall support the purposes of the Management Body.

7.4.3 Number. The number of Directors of the Management Body shall be no less than three (3), nor more than nine (9), as set from time to time by the Board of Directors. The initial number of Directors shall be three (3).

7.4.4 Nomination and Election. The Board shall be comprised of the Director(s) chosen by the Declarant, until Declarant control expires, and, when authorized by the Declaration, by Unit Owners other than Declarant. Directors not chosen by the Declarant shall be nominated and elected by the Management Body.

7.4.5 Election-Term. The terms of the initial Directors shall expire at the first Management Body meeting at which Directors are elected. The Directors shall be elected by the Management Body at each

annual Management Body meeting. The initial Board of Directors shall hold staggered terms. The first Director shall hold a term of one (1) year, the second Director a term of two (2) years, the third Director a term of three (3) years. The determination shall be made by lot or other reasonable method. Thereafter, each Director shall hold office for a term of three years, except for removal, resignation, termination, loss of membership, or loss of voting privileges in the Management Body.

7.4.6 Regular Meetings. The Board of Directors shall hold no less than two (2) regular meetings per year, one of which shall occur immediately after the annual meeting of the membership of the Management Body. The dates of the regular meetings shall be established at a meeting of the Board prior to the annual meeting. The established dates shall be announced at the annual membership meeting of the Board of Directors. The meetings shall be held at such place as the Board may direct. The President shall call meetings of Directors to order and shall act as chair of such meetings. The Secretary shall record the minutes of the meetings.


7.4.7 Special Meetings. Special Board meetings may be called by the President or any one (1) Director.

7.4.8 Notice of Meetings. Notice shall be given to each director not less than ten (10) days nor more than forty (40) days prior to the date fixed for the meeting stating the place, day, and hour of such meeting and, if such meeting is a special meeting, the purpose for which such meeting is called. The Secretary shall give notice personally to the Directors in person, by telephone or by mail. Notice by mail shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Director's last known address. Attendance of a Director at a meeting shall constitute a waiver of notice, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Directors may waive notice of meetings, and written waiver of notice executed either before or after the meeting shall be sufficient. Any adjournment or adjournments of a Board meeting to another time and place may be held without new notice being given.

7.4.9 Quorum. At least a majority of the Directors shall constitute a quorum for the transaction of business, which number must be present at the beginning of the meeting. The act of a majority of the Directors shall be the act of the Board of Directors where a quorum exists, except where a specific percentage rate is required by this Declaration. If there shall be less than a quorum present, those present may adjourn the meeting from time to time without notice other than by announcement at the meeting. At any subsequent meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

7.4.10 Registering Dissent. A Director who is present at a meeting of the Board of Directors at which action on a Management Body matter is taken shall be presumed to have assented to such action unless the Director shall file a written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Management Body immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a Director who voted in favor of such action.

7.4.11 Voting. Each Director of the Board of Directors shall possess one (1) vote in matters coming before the Board. A Director may vote only in person and not by proxy.

 7.4.12 Action Without a Meeting. Any action which must be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors. Such consent shall have the same effect as a unanimous vote.

7.4.13 Powers and Duties. The business and affairs of the Management Body shall be managed by the Board of Directors. The Board of Directors shall have power to:

7.4.13.1 Adopt and publish rules and regulations governing the use of the common area and facilities, and the limited common area and facilities, and the personal conduct of the members and their guests thereon and to establish penalties for the infraction thereof;

7.4.13.2 Suspend the voting rights during any period in which any member shall be in default in the payment of any assessment or charge levied by the Management Body. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

7.4.13.3 Exercise for the Management Body all powers, duties and authority vested in or delegated to this Management Body and not reserved to the membership by other provisions of these Bylaws, or this Declaration;

7.4.13.4 It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and Management Body affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is required in writing by the members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Management Body; and to see that their duties are properly performed;

(c) As more fully provided in this Declaration, to:

(i) At such time as the Management Body commences fixing assessments, fix the amount of the general annual assessment against each unit within sixty (60) days in advance of each fiscal year; fix all assessments, utility charges, reasonable reserves and reserve funds, and such other assessments and charges;

(ii) Send written notice of each assessment to every owner subject thereto in advance of each assessment; and

(iii) Foreclose the lien against any Unit, bring an action against the owner personally obligated to pay the same, accelerate assessments or otherwise exercise the rights accorded the Board with respect to collection of assessments in the Declaration or otherwise by law, in the event any assessments or charges are not paid within sixty (60) days after due date.

(iv) Issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment or other charges have been paid. A reasonable charge may be

made by the Board for the issuance of these certificates. If a certificate states an assessment or other charges have been paid, such certificate shall be conclusive evidence of such payment;

7.4.13.5 Procure and maintain adequate liability and hazard insurance on common area, Units, common property of the Management Body, and such other insurance as it deems appropriate, including blanket insurance on dwelling units;

7.4.13.6 Cause all officers or employees having fiscal responsibilities to be covered by fiduciary coverage or be bonded, as it may deem appropriate;

7.4.13.7 Cause the common area and other areas as set forth in this Declaration to be maintained, repaired and replaced;

7.4.13.8 Perform such other duties as authorized or required by the Management Body, the Declaration, the Act, and general law.

7.4.13.9 Create and delegate authority to committees.

7.4.14 Loans. No loans shall be made by the Management Body to any director.

7.4.15 Resignation. Any Director of the Management Body may resign at any time by giving written notice to the Board of Directors, its Chairperson, the President, or the Secretary of the Management Body. Any such resignation is effective when the notice is delivered unless the notice specifies a later effective date.

7.4.16 Removal. The Management Body, at a special meeting called expressly for that purpose, may remove from office with or without cause one or more Directors. A Director may be removed only if the number of votes cast for removal exceeds the number of votes cast against removal.

7.4.17 Vacancies. Unless otherwise provided by law, in case of any vacancy in the Board of Directors, the remaining Directors, whether constituting a quorum or not, shall fill the vacancy for the remainder of the vacant directorship's un-expired term.

7.5 Officers.

7.5.1 Qualification. All officers shall be members of the Management Body.

7.5.2 Officers. The officers of the Board shall consist of a President, a Secretary, and a Treasurer. The offices of Secretary and Treasurer may be combined by a resolution of the Board of Directors.

7.5.3 Election and Term of Office. Officers shall be elected by a majority vote of the Board at the regular meeting of the Board held immediately after the annual meeting of the Management Body as provided herein. Each officer will serve a one (1) year term.

7.5.4 Powers and Duties of Officers.

7.5.4.1 President. The President shall supervise all activities of the Management Body; execute all instruments on its behalf; preside at all meetings of the Board of Directors and of the membership of the Management Body; call such meetings of the membership as may be deemed necessary; and perform such other duties usually inherent with such office.

7.5.4.2 Secretary. The Secretary shall keep accurate minutes of all meetings; shall attend to the giving and serving of all notices of the Management Body; shall have custody of all the original records, papers, files and books of the Management Body; shall keep appropriate current records, showing (1) the members of the Management Body together with their addresses, (2) any mortgagee giving notice to the Management Body, together with their address; and, in general, shall perform all the duties incident to the office of Secretary and such other duties as the President and/or Board of Directors shall designate.

7.5.4.3 Treasurer. The Treasurer shall receive and be accountable for all funds belonging to the Management Body; pay all obligations incurred by the Management Body when payment is authorized by the Board of Directors; maintain bank accounts and depositories designated by the Management Body; and render periodic financial reports; cause an annual audit of the Management Body books to be made by a certified public accountant at the completion of each fiscal year, unless waivable and waived; sign all checks, drafts, notes or other obligations for the payment of money together with the President and/or such other officer as designated by the Board of Directors; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as the President and/or Board of Directors shall designate.

7.5.5 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon its acceptance by the Board of Directors.

7.5.6 Removal. Any officer may be removed either with or without cause at any time by action of a majority of the members of the Board present at a special meeting called for such a purpose.

7.5.7 Vacancies. Any vacancy among the officers of the Management Body because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for an un-expired portion of the term.

7.5.8 Delegation. If any officer of the Management Body is absent or unable to act and no other person is authorized to act in such officer's place, by the provisions of these Bylaws, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any Director or any other person it may select.

7.5.9 Bonds. The Board of Directors may, by resolution, require any and all of the officers to provide bonds to the Management Body, with the surety or sureties acceptable to the Board, conditioned for the faithful performance of the duties of their respective offices, and to comply with such other conditions as may from time to time be required by the Board of Directors.

7.6 Compensation. Indemnification. and Reimbursement.

7.6.1 Compensation. No compensation shall be paid to Directors or Officers of the Management Body. However, the Board of Directors may reimburse Directors, Officers, and members for

reasonable expenses actually incurred in carrying out assigned duties. Any payments made to a Director, Officer, or other member of the Management Body for expense incurred by a Director, Officer, or other member of the Management body which shall be determined to be unreasonable, in whole or in part, by the Internal Revenue Service shall be reimbursed by such Director, Officer, or member to the Management Body to the full extent of such final determination of unreasonableness. It shall be the duty of the Board of Directors to enforce repayment of such amount.

7.6.2 Indemnification and Reimbursement. Any person made or threatened to be made a party to any judicial or administrative action, suit, or proceeding on the basis of actions taken while such person is or was a Director, Officer, employee, or agent of the Management Body shall be indemnified by the Management Body against all expenses (other than tax penalties, or expenses of collection), including attorneys' fees reasonably incurred in the defense of any such action, suit, or proceeding. However, indemnification shall be provided only if the person is successful in such defense or if such action, suit, or proceeding is terminated by settlement and the person has not acted willfully and without reasonable cause with respect to the act or failure to act.

The Management Body may maintain or arrange for liability insurance providing or reimbursing the Management Body for the indemnity granted in the preceding paragraph.

In addition, the Management Body may maintain or arrange for liability insurance providing indemnification of any person for liabilities other than the foregoing arising from actions taken while such person is or was a director, officer, employee, or agent of the Management Body. Indemnification shall be provided only if such person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Management Body; and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The Management Body will not indemnify for acts or omissions that involve intentional misconduct, knowing violation of law, or for any transaction from which the particular party will personally receive a benefit in money, property or services to which that person is not legally entitled. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Management Body; and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

If the Management Body arranges for a liability insurance policy and the person covered pays the premium of such insurance policy, then the Management Body shall reimburse such person for such payments.

All liability insurance premiums paid or reimbursed by the Management Body on behalf of a person indemnified shall be treated as part of the compensation of such person.

Unless ordered by a court, indemnification shall be made by the Management Body only as authorized in the specific case upon the determination that indemnification of the Director, Officer, employee, or agent shall be proper in the circumstances because such person will have met the applicable standards set forth above. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who shall not have been parties to such action, suit, or proceeding; or (ii) if such a quorum shall not be obtainable or, even if obtainable, if a quorum of disinterested directors so directs by independent legal counsel in a written opinion.

The foregoing rights of indemnification shall not be exclusive of any other rights which any director, officer, employee, or agent may have as a matter of law or under any agreement. Furthermore, all rights of indemnification shall continue as to a person who has ceased to be a director, officer, employee, or agent; and, in the event of death, shall inure to the benefit of the person's legal representatives, heirs, successors, and assigns.

7.7 Books and Records. The Management Body shall keep accurate and complete books and records of account and shall keep minutes of the proceedings of its members, if any, the Board of Directors, and committees, if any. All books and records of the Management Body may, upon request and during reasonable business hours, be inspected by any member or Director for any proper purpose. This Declaration, and any rules or regulations promulgated, together with such other items as are required by condominium law, shall be available for inspection by any member at the condominium site. The Board by rule from time to time may set reasonable charges for copies of instruments, preparation and recording of amendments, statements as to unpaid assessments, and similar services permitted or required by the Declaration, Bylaws, or general Idaho law, condominium or otherwise. The books and records of the Management Body shall be on a calendar year of January 1 through December 31.

7.8 Management Body Seal. There shall be no seal of the Management Body, and all contracts and other papers of the Management Body shall be authenticated without any Management Body seal.

7.9 Waiver of Notice. Whenever any notice whatsoever is required to be given by these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice for all purposes.

7.10 Amendment. The Board of Directors may propose to alter, amend, or repeal any provision of these Bylaws by a majority vote at any regular or special meeting called for the purpose; provided, that the Board shall not propose any such alteration, amendment, or repeal that would be inconsistent with or contrary to the rights of members or mortgagees under this Declaration. The membership of the Management Body shall may then approve the proposed amendment, alteration or repeal by an affirmative vote of at least a majority of the membership at any meeting of the membership occurring after or concurrently with the proposed amendment, alteration or repeal. Notice of the substance of the proposed amendment shall be submitted to each member in writing, announcing the date and place of the meeting no later than twenty (20) days before the meeting.

Article 8 CONDOMINIUM MANAGEMENT

8.1 Management Body - Organization. The Unit Owners covenant and agree that the administration of the Condominium shall be in accordance with the provisions of the Act, this Declaration including Bylaws, and rules and regulations duly adopted by the Management Body. The Management Body shall be organized within a reasonable period of time after the creation of this Condominium.

8.2 Management Body - Powers. The Management Body for the benefit of the Condominium and the Owners shall have all the powers permitted under the Act and this Declaration, including Bylaws.

8.3 Conduct of Members. As the sole purpose of the Management Body is to govern the Common Area of the Condominium, the members shall act in all instances on behalf of the Unit Owners, except as otherwise set forth in this Declaration or under the Act. The members are required to exercise ordinary and reasonable care.

8.4 Annual Budget. The Board shall prepare and propose to the Management Body a budget for the Condominium on an annual basis. The budget shall be prepared and adopted within the first thirty (30) days of each calendar year. When the Board has set and distributed the proposed annual budget to the membership of the Management Body, the members shall respond in writing with their approval or disapproval of said proposed budget within thirty (30) days of distribution. Any Owners who does not disapprove the proposed budget within thirty (30) days shall be deemed to have approved the proposed budget. For adoption, the budget must be approved by members representing at least a majority of the total votes in the Management Body. In the event a budget is not adopted within the first thirty (30) days of the calendar year, the Board shall assess the Owners based upon the prior years or most recently-approved budget and proceed with a preparation of a new proposed annual budget.

8.5 Surplus Funds. Any surplus funds of the Management Body remaining after payment of or provision for common expenses and any prepayment of reserves shall, in the discretion of the Members, either be paid to the Unit Owners in proportion to their common expense liabilities, or credited to them to reduce their future common expense liabilities, or held for anticipated capital improvements that are reasonably expected to be needed within one year.

8.6 Upkeep of Condominium. Except to the extent provided in this Declaration pertaining to insurance proceeds, the Management Body is responsible for maintenance, repair, and replacement of the Common Area, and each Unit Owner is responsible for maintenance, repair, and replacement of the Owner's Unit and the Limited Common Area for each Owner's benefit. The Board shall be responsible for obtaining bids, ordering work, and approving and paying of payment vouchers, for work needed to maintain, repair and replace elements of the Common Area. The Board shall be responsible for designation and removal of personnel necessary for such maintenance, repair and replacement. The Residential Unit owners are responsible for maintenance, repair, and replacement of the Special Limited Common Area. Each Unit Owner shall afford to the Management Body and the other Unit Owners, and to their agents or employees, access through the Owner's Unit, Limited Common Area and Special Limited Common Area as reasonably necessary for those purposes. If damage is inflicted on the Common Area, or on any Unit or Limited Common Area or Special Limited Common Area through which access is taken, the Unit Owner responsible for the damage shall be liable for the repair thereof.

8.7 Tort and Contract Liability. Each Unit Owner's liability for claims, judgments, or awards arising out of or in connection with the ownership, use, operation, and management of the Common Area, is limited to a proportionate sum which equals the amount of any such claim, judgment, or award multiplied by the percentage interest in the Common Area allocated to such ownership by this Declaration. In any suit to establish liability for claims, judgments, or awards arising out of or in connection with the ownership, use, operation, or management of the Common Area there shall be introduced no evidence as to the percentage interest in the Common Area of any Unit Owner until and unless such fact becomes material and liability is fixed by judgment or agreed upon in writing signed by all affected parties to the litigation and filed with the court. Any Unit Owner may compromise or settle his portion of any such claim without prejudice to the remaining balance thereof and without the same constituting evidence or an admission for or against any such claimant. The provisions of this section shall not alter or affect the respective rights and obligations of Unit Owners to or between one another to the extent that one or more may have any legal right arising from contract, statute, or the common law to be wholly or partially indemnified by one or more other persons who are likewise owners of Units within the Condominium.

8.8 Conveyance or Encumbrance of Common Area. No conveyance or encumbrance of any Common Area of this Condominium, except upon sale or encumbrance of a Unit together with its interest in the Common Area, shall be allowed.



8.9 Employees. The Management Body shall have the power to employ a manager, independent contractor, or such other employees as it deems necessary, and to prescribe their duties.

Article 9 INSURANCE

9.1 In General. Commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, the Management Body shall maintain, to the extent reasonably available:

9.1.1 Property insurance on the Condominium, which may, but need not, include equipment, improvements, and betterments in a Unit installed by Declarant or the Unit Owner (s), insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall not be less than one hundred percent of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies.

9.1.2 Liability insurance, including medical payments insurance, in any amount determined by the Board but not less than One Million Dollars, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Area.

9.1.3 Workman's compensation insurance to the extent required by applicable laws.

9.1.4 One or both of the following: (a) Fidelity bonds naming the members of the Board, the officers, the Manager and its employees and such other persons as may be designated by the Board as principals and the Management Body as obligee, in at least an amount equal to three months aggregate Assessments for all Units plus reserves, in the custody of the Management Body or Manager at any given time during the term of each bond. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definitions of "employee" or similar expression; or (b) in the alternative, the Management Body shall: (1) maintain separate bank accounts for the working funds and the reserve funds; (2) require that the bank on which such accounts are established send monthly statements to all members of the Management Body; and, (3) require the signature of two (2) members of the Board for all checks drawn on the reserve account.

9.1.5 Insurance against loss of personal property of the Management Body by fire, theft and other losses in an amount and with deductible provisions as the Board deems advisable.

9.1.6 Such other insurance as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Management Body shall continuously maintain in effect such casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements of condominium projected established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental or quasi-governmental agencies involved in the secondary mortgage market, so long as any such agency is a Mortgagee of an Owner of a Unit within the project, except to the extent such coverage is not available or has been waived in writing by such agency.

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9.2 Coverage Not Available. If the insurance described in herein is not reasonably available, or is modified, canceled, or not renewed, the Management Body, by the Secretary shall promptly cause notice of that fact to be hand delivered or sent prepaid by First Class United States mail to all Unit Owners, to each Eligible Mortgagee, and to each Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective known addresses. The Management Body in any event may carry any other insurance it deems appropriate to protect the Association of the Unit Owners.

9.3 Required Provisions. Insurance policies carried pursuant to this Article shall:

9.3.1 Provide that each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Area or membership in the Management Body

9.3.2 Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Management Body, the Owner of any Unit and/or their respective agents, employees or tenants, and members of their household, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

9.3.3 Provide that no act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Management Body, nor any failure of the Management Body to comply with any warranty or condition regarding any portion of the premises over which the Management Body has no direct control, will void the policy or be a condition to recovery under the policy.


9.3.4 Provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Management Body's policy provides primary insurance, and that the liability of the insurer there under shall not be affected by, and the insurer shall not claim any right of set-off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for any Unit Owner or any Mortgagee;

9.3.5 Provide that, despite any provision giving the insurer the right to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Management body, or when in conflict with the provisions of any insurance trust agreement to which the Management Body is a party, or any requirement of law;

9.3.6 Contain no provision (other than insurance conditions) which will prevent Mortgagees from collecting insurance proceeds; and

9.3.7 Contain, if available, an agreed amount and Inflation Guard Endorsement.

9.4 Claims Adjustment. Any loss covered by the property insurance under this Article must be adjusted with the Board of directors of the Management Body, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Management Body, and not to any holder of a Mortgage. The insurance trustee of the Management Body shall hold any insurance proceeds in trust for Unit Owners and lienholder as their interests may appear. Except as otherwise provided herein, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lienholder are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated.

 9.5 Owner's Addition Insurance. An insurance policy issued to the Management Body does not prevent a Unit Owner from obtaining insurance for the Owner's own benefit.

9.6 Certificate. An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda of insurance to the Management Body and, upon written request, to any Unit Owner or holder of a Mortgage. The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable laws pertaining to the cancellation or nonrenewal of contracts of insurance. The insurer shall not modify the amount or the extent of the coverage of the policy, or cancel or refuse to renew the policy, without complying with the requirements of the Act.

9.7 Notification on Sale of Unit. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Secretary of the Management Body of the date of the conveyance and the new Unit Owner's name and address. The Secretary of the Management Body shall notify each insurance company that has issued an insurance policy to the Management Body for the benefit of the Owners under this Article of the name and address of the new Owner and request that the new Owner be made a named insured under such policy.

Article 10 DAMAGE OR DESTRUCTION; RECONSTRUCTION


10.1 Definitions.

10.1.1 As used in this Article, the term "Significant Damage" means damage or destruction, whether or not caused by casualty, to any part of the Property which the Management Body is responsible to maintain or repair; (a) for which funds are not available in the maintenance and repair or contingency budget of the Management Body to make timely repairs; and (b) which has a significant adverse impact on the habitability of any Unit or the ability of an Owner or Owners to use the Property or any significant portion of the Property for its intended purpose.

10.1.2 As used in this Article, the term "Repair" means to repair, reconstruct, rebuild, or restore the Building or improvements which suffered Significant Damage to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common and Limited Common Areas having substantially the same vertical and horizontal boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

10.1.3 As used in this Article, the term "Emergency Work" shall mean that work which the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the Owners from liability arising out of the condition of the Property.

10.2 Initial Board Determination. In the event of Significant Damage to any part of the Condominium, the Board shall promptly, and in all events with thirty (30) days after the date of Significant Damage, or, if the Significant Damage did not occur at a particular identifiable time, after the date of its discovery, make the following determinations with respect thereto employing such advice as the board deems advisable:

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10.2.1 The nature and extent of the Significant Damage, together with an inventory of the improvements and property directly affected thereby.

10.2.2 A reasonably-reliable estimate of the cost to Repair the Significant Damage, which estimate shall, if reasonably practicable, be based upon a firm bid obtained from a responsible contractor.

10.2.3 The anticipated insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.

10.2.4 The amount, if any, that the estimated cost of Repair exceeds the anticipated insurance proceeds therefore and the amount of Assessment to each Unit if such excess was paid as a Common Expense and specially assessed against all the Units in proportion to their Allocated Interest in the Common Area.

10.2.5 The Board's recommendation as to whether such Significant Damage should be repaired.


10.3 Notice of Damage or Destruction. The Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, provide each Owner, and each first Mortgagee with a written notice summarizing the Initial Board determination made. If the Board fails to do so within said thirty (30) days, then any Owner or Mortgagee may make the determination required and give the notice required herein.

10.4 General Provisions.

10.4.1 Duty to Restore. Any portion of the Condominium for which insurance is required under this Article which is Significantly Damaged shall be Repaired promptly by the Management Body unless; (a) the Condominium is terminated; (b) Repair would be illegal under any state or local health or safety statute or ordinance; or (c) a majority of the Unit Owners, including every Owner of a Unit or assigned Limited Common Area or Special Limited Common Area which will not be Repaired, vote not to Repair. Even if the Significant Damage is not to be Repaired, the Board shall still have authority to perform Emergency Work. The cost of Repair in excess of insurance proceeds and reserves is a Common Expense.

10.4.2 Damage Not Restored. If all or any portion of the damaged portions of the Condominium are not Repaired (regardless of whether such damage is Significant): (a) the insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (b) the insurance proceeds attributable to Units and Limited Common Areas which are not Repaired shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Areas were allocated, or to lienholder, as their interest may appear; and (c) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholder, as their interests may appear, in proportion to the Allocated Interests of all the Units.

10.4.3 Reallocation. If the Unit Owners vote not to Repair any Unit, that Unit's Allocated Interests are automatically reallocated upon the vote as if the Unit had been condemned as set forth herein, and the Management Body promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations.

 **10.5 Repair by Board.** If the damage (regardless of whether such damage is Significant) is to be repaired pursuant to this Section, then:

10.5.1 Contract and Contractors. The Board shall have the authority to employ architects, engineers, and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to effectuate the Repair. Contracts for such repair shall be awarded when the Board, by means of insurance proceeds and sufficient Assessments, has provision for the cost thereof. The Board may further authorize the insurance carrier to proceed with Repair upon satisfaction of the Board that such work will be appropriately carried out.

10.5.2 Insurance Trustee. The Board may enter into a written agreement in recordable form with any reputable financial institution or trust or escrow company that such firm or institution shall act as an insurance trustee to adjust and settle any claim for a loss in excess of Fifty Thousand Dollars (\$50,000.00), or for such firm or institution to collect the insurance proceeds and carry out the provisions of this Article.

10.6 Decision to Terminate. In the event of a decision to terminate the Condominium and not to Repair damage and destruction, the Board may nevertheless expend as much of the insurance proceeds and funds of the Management Body as necessary for Emergency Work (which Emergency Work may include but is not necessarily limited to removal of the damaged or destroyed buildings and clearing, filling, and grading the real property), and the remaining funds, if any, and the Property, shall thereafter be held and distributed as provided in the Act or this Declaration.

Article 11 CONDEMNATION

11.1 In General. If a Unit is condemned, or if part of a Unit is condemned leaving the Unit Owner with a portion of a Unit which may not practically or lawfully be used for any purpose permitted by the Declaration, the award must compensate the Unit Owner for the Owner's Unit and its appurtenant interest in the Common Area, whether or not any Common Area is acquired. Upon condemnation, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Management Body shall promptly prepare, execute, and record an amendment to this Declaration reflecting the condemnation and reallocations. Any portion of a Unit remaining after part of a Unit is taken is thereafter Common Area.

11.2 Partial Unit Condemnation. If part of a Unit is condemned, which leaves the Unit owner with a portion of a Unit which may practically and lawfully be used for any purpose permitted by this Declaration, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Area, whether or not any Common Area is acquired. Upon condemnation, unless the decree otherwise provides: (a) that Unit's allocated interests shall be reduced in proportion to the reduction in the size of the Unit, and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

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11.3 Common Area Condemnation. If part of the Common Area is condemned, the portion of the award attributable to the Common Area taken shall be paid to the Owners based on their respective interests in the Common Area. Any portion of the award attributable to the condemnation of a Limited Common Area shall be paid to proportionately to the Owners of the Units to which that Limited Common Area was allocated at the time of condemnation.

11.4 Recording of Judgment. The Board shall cause any court judgment regarding condemnation to be recorded in every County in which any portion of the Condominium is located.

11.5 Management Body to Represent Owners. The Management Body shall represent the Unit Owners in any proceedings, negotiations, settlements, or agreements regarding a condemnation of any part of the Condominium, and any condemnation proceeds shall be payable to the Management Body for the benefit of the Owners of affected Units and their Mortgagees. Should the Management Body not act on the Owners' behalf in a condemnation process, the affected Owners may individually or jointly act on their own behalf.

Article 12 ALLOCATED INTERESTS

The Allocated Interests of each Unit are the undivided interest in the Common Area and the Common Expense Liability allocated to each Unit, and are set forth in Addendum 3 attached hereto. Any values used to establish the percentages required by the Act do not necessarily reflect the amount for which a Unit will be sold, from time to time, by Declarant or others. The Allocated Interests and the title to the respective Units shall not be separated or separately conveyed and each undivided interest shall be deemed to be conveyed with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the title to the Unit. Except where permitted by the Act, the Common Area is not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an Allocated Interest made without the Unit to that interest is allocated is void

Article 12 COMMON EXPENSES AND ASSESSMENTS

13.1 Common Expenses-Assessments. Within a reasonable period of time after creation of this Condominium, the Declarant shall prepare and approve the initial budget and make a Common Expense Assessment. The budget shall estimate the charges to be paid during such year and may include provision for funding and maintaining reasonable reserves for contingencies, operations and repairs, replacement and improvement of Common Area and common property, and shall take into account any expected income and any surplus available from prior years Operating Funds. After the first assessment has been made, assessments shall be made thereafter annually, based upon the budget adopted annually by the Management Body.

All common Expenses will be assessed against each Unit in accordance with the Allocated Interests set forth herein. The assessments shall be a debt of the unit owner at the time the assessment is made. Any past due Common Expense assessment or installments thereof shall bear interest at the rate of twelve percent (12%) per annum from 30 days past assessment date.
The expense of repair, replacement, and maintenance of Limited Common Area shall be the sole responsibility of the Unit to which that Limited Common Area is assigned. The expense of repair, replacement, and maintenance of the Special Limited Common Area shall be a common expense of the owners of the Residential Units. Any Common Expense or portion

thereof benefiting only one or the other Unit must be assessed exclusively against the Unit benefited. The costs of insurance must be assessed in proportion to risk. The costs of utilities must be assessed in proportion to usage. To the extent that any Common Expenses are caused by the misconduct of any Unit Owner, the Management Body may assess that expense against the Owner's Unit. If Common Expense Liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities. Any assessments to pay judgments entered against the Management Body can be made only against Units in the Condominium at the time the judgment was entered in proportion to their allocated Common Expense Liabilities at the time the judgment was entered. If Common Expense Liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

Condominium Owners shall be obligated to pay their share of Common Expenses and special charges made pursuant to this Article to the Management Body in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner as the Management Body shall designate. No Owner may exempt himself from liability or payment of assessments for any reason, including waiver or discontinuance of use or enjoyment of any Common Area or abandonment of the Owner's Unit. Upon 10 days' notice to the Board of Managers and payment of a reasonable fee, any Unit owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such owner.

13.2 Lien for Assessments. The Management Body has a lien on a Unit for any unpaid assessments levied against the Unit from the time of recording with the Bonner County Recorder's office the notice of assessment described herein subject to the time described in the limitation of action section herein. All assessments, fees, late charges, fines, and interest charges are enforceable as liens. If an assessment is payable in installments, the Management Body has the right to include in the lien the full amount of the assessment from the time the first installment thereof is due.

13.2.1 Priority. Except as provided for in this Article, the lien(s) set forth herein shall be prior to all other liens and encumbrances, recorded or unrecorded, on a Unit filed or recorded subsequent to the recordation of the Notice of Assessment described herein.

13.2.2 Notice of Assessment. The amount of any Assessment, together with those other charges thereon, set forth in this Section, shall be and become a lien upon the Unit assessed when the Management Body causes to be recorded with the county recorder of the county in which such Unit is located a notice of assessment, which shall state the amount of such assessment and such other charges thereon as may be authorized under this Section, a description of the Unit against which the same has been assessed, and the name of the record owner thereof. Such notice shall be signed by an authorized representative of the Management Body (other than the Unit Owner, if a representative of the Management Body owns the Unit against which the assessment is made). Upon payment of said Assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Management Body, or the other owner, as applicable, shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof.

13.2.3 Mortgage Priority. The lien shall be subordinate to (1) Tax and special assessment liens on a Unit in favor of any assessing agency or special district; (2) any first Mortgage recorded subsequent to the date of recordation of the Notice of Assessment except to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Management Body, which would have become due during the six months immediately preceding the date of the sheriff's sale in an action for judicial foreclosure by either the Management Body or a mortgagee, the date of a trustee's sale in a nonjudicial foreclosure by a mortgagee, or the date of recording of the Declaration of Forfeiture in a proceeding by

the vendor under a real estate contract, if that or a substantially similar nonjudicial remedy is available under law; and (3) labor and material men's liens arising prior to recording the Notice of Assessment.

13.2.4 Limitation on Action. Unless sooner satisfied and released or the enforcement thereof initiated, a lien for unpaid Assessments shall expire and be of no further force or effect one (1) year from the date of recordation of said Notice of Assessment; provided, however, the said one (1) year period may be extended by the Management Body or the other Unit Owner, as applicable, for not to exceed one (1) additional year by recording a written extension thereof.


13.2.5 Foreclosure. The lien for assessments may be enforced by sale by the Management Body, its attorney or other person authorized to make the sale, after failure of the Owner to pay such an assessment in accordance with its terms, such sale to be conducted in the manner permitted by law for the exercise of powers of sale in deeds of trust or in any other manner permitted by law. The Management Body shall have the power to purchase the condominium at foreclosure sale and to hold, lease, encumber, and convey the same. Nothing in this Section shall prohibit the Management Body from accepting a deed in lieu of foreclosure.

13.2.6 Receiver. From the time of commencement of an action by the Management Body to foreclose a lien for nonpayment of delinquent Assessments against any Unit that is not occupied by the Owner thereof, the Management Body shall be entitled to the appointment of a receiver to collect from the lessee thereof, if any, the rent for the Unit as and when due. If the rental is not paid, or the Unit is not rented, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorney's fees thereof, then to the cost of refurbishing the unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. Only a receiver may take possession and collection rents under this section, and a receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Management Body of the foregoing rights shall not affect the priority of a right to rents, if any, of preexisting liens on the Unit.

13.2.7 Mortgagee Liability. Except as specifically provided in this Article, the holder of a Mortgage or other Purchaser of a Unit who obtains the right of possession of the Unit through foreclosure of a lien for assessments shall not be liable for Assessments or installments thereof that become due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Unit Owners, including such Mortgagee or other purchaser of the Unit. Foreclosure of a Mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale as Provided in this Article.

13.2.8 Lien Survives Sale. The lien for assessments shall not be affected by the sale or transfer of the subject Unit except in the event of sale through foreclosure on the lien.

13.2.9 Owner Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the assessment is due. In a voluntary conveyance the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the Unit up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee thereof. Suit to recover a personal judgment for any delinquent Assessments shall be maintainable in any court of competent jurisdiction without the necessity of foreclosing or waiving the lien securing such sums.

 13.2.10 Late Charges. The Management Body may from time to time establish reasonable late charges to be charged on all subsequent delinquent assessments or installments thereof.

13.2.11 Attorney's Fees. The prevailing party shall be entitled to recover any costs and reasonable attorney's fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the prevailing party shall be entitled to recover costs and reasonable attorney's fees if it prevails on appeal, in bankruptcy, and in the enforcement of a judgment.

13.3 Acceleration of Assessments. In the event any monthly Assessment or special charge attributable to a particular unit remains delinquent for more than sixty (60) days, the Management Body may, or the other owner, as applicable, may, upon fifteen (15) days written notice to the owner of such unit, accelerate and demand immediate payment of all, or such portion as is determined by the Management Body of the monthly assessments and special charges which the Management Body or other owner, as applicable, reasonably determines will become due during the next succeeding twelve (12) months with respect to such unit.

13.4 Working Capital Contribution: Capital Fund. If the Management Body elects to do so, at the same time as the Management Body prepares the annual budget for Common Expenses, the Management Body may also determine the replacement costs of the Common Areas subject to replacement. If the Management Body determines to assess said costs, each Owner shall pay to the Management Body, in addition to other amounts due, a sum, payable monthly, prorated by dividing the replacement cost over the period of time necessary to collect sufficient sums to replace said item, which sums shall be placed in a working capital fund and shall be used only for the replacement of said items. Further, the Management Body may from time to time require the Unit Owners to pay to the Management Body, in addition to other amounts due, an amount equal to two (2) months of monthly assessments as a contribution to the Management Body's working capital. When a Unit is sold, and a working capital fund exists, that Unit Owner may apply funds collected at closing from the Purchaser to reimburse itself for funds paid to the Management Body for such contribution with respect to that Unit.

13.5 Management Body Records - Funds. The Management Body must keep financial records. Records must be available for examination by a Unit Owner or their agent. At least annually, the Management Body must prepare, or cause to be prepared, a financial statement of the Management Body. Financial records must be audited annually except where unanimously waived annually by the Unit Owners.

Funds must not be commingled and reserve funds, if any, must be segregated.

13.6 Management Body as Trustee. Where the Management Body acts in capacity as trustee, third persons may assume its power to so act in its proper exercise of that power, and may rely on its action without ascertaining its authority.

Article 14

USE; REGULATION OF USES; ARCHITECTURAL UNIFORMITY

14.1 Residential Units. Unless otherwise allowed under applicable land use law, and then only upon amendment of this Declaration, the Units, except for the Non-Residential Unit, shall be used for Residential Purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal

guests and similar activities commonly conducted within a residential dwelling, without regard to whether the Unit Owner or occupant resides in the Unit as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis; for such other reasonable purposes permitted by law in residential dwellings; for the common social, recreational or other reasonable uses normally incident to such purposes; and for purposes of operating the Management Body and managing the Condominium.

14.2 Vehicle Parking Restrictions. Limited Common Area and/or Common Area parking spaces (except fully enclosed garages) are restricted to use for parking of motor vehicles; other items and equipment may be parked or kept there only subject to the approval of the Management Body. Any Unit Owner or the Management Body may require removal of any vehicle (and other equipment or item) improperly stored in parking spaces. If the same is not removed, the Management Body shall, or another Unit Owner, as applicable, shall cause removal at the risk and expense of the Owner thereof. No boat trailers, recreational vehicles, or the like shall be parked or stored in parking spaces exceeding twenty-four (24) hours. Fully-enclosed garages may not be used for any purpose other than parking vehicles and storing personal property.

14.3 Common Drive and Walks. Any common drives, walks, corridors, stairways and other general Common Area shall be used exclusively for normal transit and no obstructions, decorations, or other items shall be placed thereon or therein except by approval of the Management Body.

14.4 Unit Maintenance

14.4.1 Standard of Condition. Each Unit Owner shall, at his sole expense, have the right and the duty to keep the interior of his Unit and its equipment, appliances, and appurtenances in good order, condition, and repair. Each Unit Owner shall be responsible for the construction, alteration, maintenance, repair, or replacement of any plumbing fixtures, water heaters, fans, heating or other equipment, electrical fixtures, or appliances which may be in or connected with his Unit.

14.4.2 Additional Rights and Duties. Without limiting the generality of the foregoing, each Owner shall have the right, at his sole cost and expense, to construct, alter, maintain, repair, paint, paper, panel, plaster, tile, and finish: interior of doors and door frames and trim; interior non-loading partitions; the interior surfaces of the ceilings, floors, and the perimeter walls of the Unit and the surfaces of the bearing and non-bearing walls located within his Unit; and shall not permit nor commit waste of his Unit or the Common Area. This section shall not be construed as permitting any violation of any other provision of this Declaration or any interference with or damage to the structural integrity of the Building or interference with the use or enjoyment of the Common Area or the other Unit, nor shall it be construed to limit powers or obligations of the Management Body hereunder.

14.5 Alterations of Units. Subject to the provisions regarding Unit Maintenance, a Unit Owner:

14.5.1 Non-Structural. May make any improvements or alterations to the Owner's Unit that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Garages may not be altered or enclosed for any use other than parking of vehicles and storage of personal property. Garages may not be converted for use as a dwelling room.

14.5.2 Common Area. May not change the appearance of the Common Area or the exterior appearance of a Unit without permission of the Management Body.

14.5.3 Adjoining Unit. After acquiring an adjoining Unit an Owner may, only upon approval of the Board, create apertures in existing partitions, even if the partition in whole or in part is a Common Area, if those acts do not adversely affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Creation of such apertures under this Section is not a relocation of boundaries. Partitioning walls shall not be removed, moved, or altered other than for the purpose of allowing passage between the adjoining Units, without express written approval of the Board. The Board shall approve a Unit Owner's request, which request shall include the plans and specifications for the proposed alteration, under this section within thirty days, unless the proposed alteration does not comply with the Act or this Declaration or impairs the structural integrity or mechanical or electrical systems in the Condominium. The failure of the Board to act upon a request within such period shall be deemed an approval thereof.

14.6 Limited Common Area and Special Limited Common Area Maintenance. Limited Common Area is for the sole and exclusive use of the Unit to which it is reserved or assigned; and the Special Limited Common Area is for the sole and exclusive use of the Residential Units, provided, that the use, condition and appearance thereof may be regulated under provisions of the Bylaws, rules, or this Declaration including the following:

14.6.1 Decision by Board. Decisions with respect to the standard of appearance and condition of Limited Common Area, and with respect to the necessity for, and manner of, caring for, maintaining, repairing, repainting, or redecorating Limited Common Area ("Maintenance Work" herein), shall be made by the Board.

14.6.2 Performance of Work. Performance of such Maintenance Work shall be carried out by the Board on behalf of the owner or Owners of Units to which the Limited Common Area in question is assigned or reserved; provided, that by written approval, the Board may permit such Owner or Owners to perform such Maintenance Work themselves.

14.6.3 Board Approval. Owners may not, however, modify, paint, or otherwise decorate, or in any way alter their respective Limited Common Area without prior written approval of the Board.

14.6.4 Owner Pays Cost. Unit Owners will be responsible for the cost of such Maintenance Work for the Limited Common Area reserved for or assigned to their Units.

14.6.5 Multiple Owners. With respect to a Limited Common Area reserved for or assigned to more than one Unit for the mutual and joint use thereof, the cost of such Maintenance Work for such Limited Common Area shall be divided in equal shares among the Units for which such Limited Common Area is reserved.

14.7 Exterior Appearance. In order to preserve a uniform exterior appearance to the Buildings, and the Common and Limited Common Areas visible to the public, the Management Body shall approve any painting or other decorative finish of the Building, balconies, patio/yard areas, or other Common or Limited Common Areas, and prescribe the type and color of such decorative finishes, and may prohibit, require, or regulate any modification or decoration of the Building, balconies, patio/yard areas, or other Common or Limited Common Areas undertaken or proposed by any Owner. This power of the Management Body extends to screens, doors, awnings, blinds, curtains, shades, window coverings, rails, siding and all other visible portions of each Unit and the Building.

14.8 Effect on Insurance. Nothing shall be done or kept in any Unit or in the Common or Limited Common Area which will increase the rate of insurance on the Common Area of Units without prior written

consent of the Management Body. No Owner and/or Purchaser or tenant shall permit anything to be done or kept in his Unit or in the Common or Limited Common Area which will result in the cancellation of insurance on any Unit or any part of the Common or Limited Common Area, or which would be in violation of any laws or applicable regulations.

14.9 Offensive Activity. No noxious or offensive activity shall be carried on in any portion of the Condominium. No offensive or unlawful use shall be made of the property, nor any part thereof, and all valid laws, zoning ordinances, and the regulations of all governmental bodies having jurisdiction thereof shall be observed. No nuisances shall be allowed upon the Property. Each Unit Owner shall be responsible for the actions of its guests, invitees and tenants. Except when necessitated by construction, no Unit Owner shall block nor permit any guest or tenant to block or obstruct or to litter the common driveways or entries or walkways or other Common Area. No motor vehicle or recreational vehicle shall remain for more than twenty-four (24) hours in the Common Area not designated for parking.

14.10 Common Area Alterations. Nothing shall be altered or constructed in, or (except for Owner's personal property) removed from, the Common Area except upon the written consent of the Management Body and after compliance with procedures required herein or by law.

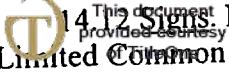
14.11 Rental Units. The Leasing or Renting of a Unit by its Owner is limited and is governed by the provisions herein:

14.11.1 No Transient Purposes. With the exception of a lender in possession of a Unit following a default in a Mortgage, a Foreclosure proceeding or any deed or other arrangement in lieu of a Foreclosure, no Unit Owner shall be permitted to lease his Unit for hotel or transient purposes which shall be defined as Renting or Leasing for any period of less than one full week (7 consecutive calendar days). Trusts, corporations, limited liability companies, partnerships, or other such entities which own Units may not allow use thereof by a beneficiary, partner, employee or other such person and his or her immediate family for a period of less than one week. Nothing in this paragraph shall limit the ability of an Owner or lessee to have non-paying guests.

14.11.2 Entire Unit. No Unit Owner may lease less than the entire Unit.

14.11.3 Written Leases. All Leasing or Rental agreements shall be in writing and be subject to this Declaration and Bylaws with an automatic default by the tenant in complying with this Declaration and Bylaws constituting a default under the Lease or Rental Agreement.

14.11.4 Rent to Management Body. If a Unit is rented by its Owner, the Management Body may collect, and the tenant or lessee shall pay over to the Management Body, so much of the rent for such Unit as is required to pay any amounts due the Management Body hereunder, plus interest and costs if the same are in default over thirty (30) days. The tenant or lessee shall not have the right to question payment over to the Management Body, and such payment will discharge the lessee's or tenant's duty of payment to the Owner for rent, to the extent such rent is paid to the Management Body, but will not discharge the liability of the Owner or purchaser and the Unit under this Declaration for Assessments and charges, or operate as an approval of the lease. The Management Body shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner; nor in derogation of any rights which a Mortgagee of such Unit may have with respect to such rents.

 14.12 Signs. No sign of any kind shall be displayed to the public view on or from any Unit or Common or Limited Common Area without the prior consent of the Board; provided, that the Board shall, by and subject to appropriate rule, permit temporary placement of a sign, at a space designated by the Board, indicating that a Unit is for sale or lease; and provided, that this section shall not apply to Declarant or Declarant's agents in exercising any Declarant Development Rights reserved by Declarant under this Declaration.

14.13 Pets. Domestic household pets, such as dogs and cats, may be kept by a Unit Owner(s) pursuant to reasonable rules and regulations as the Board may from time to time adopt. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion finds disturbing other Unit Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain. There shall be no feeding or maintaining of animals other than domestic household pets.

14.14 House Rules. The Management Body is empowered to pass, amend, and revoke detailed, reasonable administrative rules and regulations, or "House Rules," necessary or convenient from time to time to insure compliance with the general guidelines of this Article. Such House Rules shall be binding on all Unit Owners, lessees, guests, and invitees upon adoption by the Management Body.

Article 15

LIMITATION OF LIABILITY

15.1 Liability for Utility Failure. Etc. Except to the extent covered by insurance obtained by the Management Body, neither the Management Body, the officers, the Board, nor the Manager, if any, shall be liable for: any failure of any utility or other service to be obtained and paid for by the Management Body; or for injury or damage to person or property caused by the elements, or resulting from electricity, noise, smoke, water, rain (or other liquid), snow, dust or sand which may leak or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other places; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

15.2 No Personal Liability. So long as an Owner, Board member, or officer(s) has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, no such person shall be personally liable to any Owner, or other party, including the Management Body, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence (except gross negligence), any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity; provided, that this Section shall not apply where the consequences of such act, omission, error, or negligence are covered by insurance obtained by the Management Body.

15.3 Indemnification of Board Members. Each Management Body Director, committee member, or officer, shall be indemnified by the Management Body against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of intentional misconduct, gross negligence, or a knowing violation of the law in performance of his duties and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property, or services to which said person is not legally entitled. Provided, that, in the event of a settlement, the indemnification

shall apply only when the Management Body approves such settlement and reimbursement as being in the best interest of the Management Body

Article 16 EASEMENTS

16.1 In General. It is intended that in addition to rights under the Act, each Unit has an easement in and through each other Unit and the Common and Limited Common Areas for all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this Condominium plan. Without limiting the generality of the foregoing, each Unit and all Common and Limited Common Areas are specifically subject to an easement for the benefit of each of the other Units in the Condominium for all duct work for the several Units, and for heating, ventilation, air conditioning, and fireplaces and associated flues or chimneys. In addition, each Unit and all the Common and Limited Common Areas are specifically subject to easements as required for the intercom, security and electrical entry system, if any, for the electrical wiring and plumbing, for the air conditioning lines and equipment, if any, for each Unit, for the vacuum system in each Unit, if any, and for the master antenna cable or satellite system, if any. Finally, each Unit as it is constructed is granted an easement to which each other Unit and all Common and Limited Common Area is subject to for the location and maintenance of all the original equipment and facilities and utilities for such unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Area reserved by law.

16.2 Utilities And Similar Easements. The Management Body Board of Directors shall have authority to grant utility, road, and similar easements, licenses, and permits under, through, or over the Common Area, which easements the Board determines are reasonably necessary to the ongoing development and/or operation of the Property.

16.3 Management Body Functions. There is hereby reserved to Declarant and the Management Body, or their duly authorized agents and representatives, such easements as area necessary, for emergency repairs and/or to perform the duties and obligations of the Management Body as are set forth in this Declaration, and/or rules duly adopted by the Management Body.

16.4 Encroachments. Each Unit and all Common and Limited Common Area is hereby declared to have an easement over all adjoining Units and Common and Limited Common Area, for the purpose of accommodating any encroachment due to engineering errors, or errors in original construction, reconstruction, repair of any portion of the Buildings, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event a Unit or Common or Limited Common Area is partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units and Common and Limited Common Area shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit.

Article 17
PROCEDURES FOR SUBDIVIDING OR COMBINING

17.1 Subdivision Procedure. Subdivision of any Unit or Units is prohibited.

17.2 Combining Procedure. Combining of any Unit or Units is authorized as follows:

17.2.1 Owner Proposal. Any owner(s) of any Unit or Units may propose combining any Unit or Units, and appurtenant Common Area or Limited Common Area in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to this Declaration, the Survey Map and Plans covering such combining, to the Board, which shall then notify all other Unit Owners of the proposed combination.

17.2.2 Owner/Mortgages Approval. Upon written approval of such proposal by at least a majority of the Owners and at least a majority of the Eligible Mortgagees, and specifically including all of the Eligible Mortgagee(s) and Owner(s) of the Unit(s) to be combined, the Owner(s) making the proposal may proceed according to such plans and specifications; provided that the Board may in its discretion (but it is not mandatory that the Board exercise this authority) require that the Board administer the work or that provisions for the protection of other Units or Common Area or reasonable deadlines for completion of the work be inserted in the contracts for the work.

17.2.3 Survey Map and Plans. The changes in the Survey Map, if any, and the changes in the Plans and Declaration shall be placed of record as amendments to the Survey Map, Plans, and Declaration of Condominium in accordance with the provisions of this Declaration.

17.2.4 Allocated Interests. All Allocated Interests of the new Unit resulting from a combination of Units shall be the aggregate of the Allocated Interests formerly allocated to the Units being combined.

Article 18
AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

18.1 In General. Except in cases of amendments that may be executed by the Declarant, the Management Body, or certain Unit Owners as set forth in this Declaration, and except as specifically limited herein, this Declaration, including the Survey Maps and Plans, may be amended only by affirmative vote or agreement of Owners of Units to which at least a majority of the votes in the Management Body are allocated. Any amendment to this Declaration and its provisions shall comply with the Act at the time of the amendment.

18.2 Challenge to Validity. No action to challenge the validity of an amendment adopted by the Management Body pursuant to this Article may be brought more than one year after the amendment is recorded.

18.3 Recording. Every amendment to the Declaration must be recorded in Bonner County, and is effective only upon recording. An amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. All amendments adding Units shall contain a cross-reference by recording number to the Survey Map and Plans relating to the added Units, and set forth all information required by the Act.

18.4 General Limitations. Except to the extent expressly permitted or required by other provisions of the Act, no amendment may create or increase Declarant Development Rights, increase the number of Units, change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of the vote or agreement of the Owner of each Unit particularly affected and the Owners of Units to which at least a majority of the votes in the Management Body are allocated other than the Declarant.

18.5 Execution. Amendments to the Declaration required by the Act to be recorded by the Management Body shall be prepared, executed, recorded, and certified on behalf of the Management Body by any officer of the Management Body designated for that purpose or, in the absence of designation, by the President of the Management Body.

18.6 Declarant Development Rights. No amendment may restrict, eliminate, or otherwise modify any Declarant Development Rights provided in the Declaration without the consent of the Declarant and any Mortgagee of record with a security interest in the Declarant Development Rights or in any real property subject thereto, excluding Mortgagees of Units owned by persons other than the Declarant.

18.7 Material Amendments. Any amendment to a provision of this Declaration establishing, providing for, governing, or regulating the following (all of which shall be deemed "Material Amendments") shall require the consent of at least a majority of the Eligible Mortgagees: voting rights, Assessments, Assessment liens, or the priority of Assessment liens; reductions in reserves for maintenance, repair, and replacement of Common Area; responsibility for maintenance and repairs; reallocation of interests in the Common or Limited Common Area, or rights to their use; redefinition of any Unit boundaries; convertibility of Units into Common Area or vice versa; expansion or contraction of the Condominium, or the addition, annexation, or imposition of any restrictions on a Unit Owner's rights to sell or transfer his or her Unit a decision by the Management Body to establish self-management when professional management had been required previously by the Condominium's documents or by an Eligible Mortgage holder; restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration; any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or any provisions that expressly benefit Mortgage holders, insurers, or guarantors. A Mortgagee who fails to disapprove in writing within thirty (30) days of mailing a written request to approve an amendment shall be deemed to have approved the request if such request was delivered by certified or registered mail with a return receipt requested.

18.8 Map and Plans Amendment. Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to this Declaration adopted as provided for herein. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for the examination of every Owner. Such amendment to the Survey Map and Plans shall also be effective, once properly adopted, upon recordation in Bonner County in conjunction with the Declaration amendment.

Article 19

MORTGAGEE PROTECTION

19.1 Rights of Secured Lenders. Except as set forth specifically in this Declaration, any first Mortgagee who obtains title to a Condominium Unit pursuant to the remedies in the Mortgage or through

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foreclosure or deed in lieu of foreclosure of a Mortgage will not be liable for more than six (6) months of the Unit's unpaid Assessments or charges accrued before the acquisition of the title to the Unit by the Mortgagee.

19.2 Limitations on actions of Management Body. Except where acting pursuant to the provisions of this Declaration involving damage, destruction or condemnation, the Management Body shall not without prior written approval of at least a majority of all Eligible Mortgagees and at least sixty-seven percent (67%) of the Owners of record of the Units, seek by act or omission to:

19.2.1 Abandon or terminate the Condominium project;

19.2.2 Change the pro rata interest or obligation of any Unit in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Unit in the Common Area;

19.2.3 Partition or subdivide any Unit;

19.2.4 Seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area by act or omission, except the granting of easements for public utilities or other public purposes consistent with the intended use of the Common Area by the condominium project is not a transfer within the meaning of this clause.

19.2.5 Use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement, or reconstruction of the same.

19.3 Other Rights. Secured lenders may exercise such other rights as provided by the Act.

19.4 Taxes and Assessments. All taxes, assessments, and charges that may become liens prior to any first Mortgage on any condominium property shall relate only to the individual Units and not to the condominium project as a whole.

19.5 Insurance Proceeds: Condemnation Awards. No Unit Owner or any other party shall have priority over any rights of the first Mortgagee of such Unit pursuant to its Mortgage in case of payment to the Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of a Unit and/or Common Area.

19.6 Notice to Mortgagee. Upon written request to the Management Body, identifying the name and address of the Mortgagee, insurer, or guarantor, and the Unit number or address, the Management Body shall provide written notice to any requesting Eligible Mortgagee, insurer, or guarantor of the following:

19.6.1 Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first Mortgage held, insured, or guaranteed by such Mortgagee, insurer, or guarantor, as applicable;

19.6.2 Any delinquency in the payment of Assessments or charges owed by any Unit Owner subject to a first Mortgage held, insured, or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

19.6.3 Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Management Body;

19.6.4 Any proposed action which under this Declaration would require the consent of an Eligible Mortgages.

19.7 Effect of Declaration and Amendments. No amendment of this Declaration shall be effective to modify, change, limit, or alter the rights expressly conferred upon Mortgagees in this instrument with respect to any unsatisfied Mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such Mortgage. Any provision of this Article conferring rights upon Mortgagees which is inconsistent with any other provision of this Declaration including the Bylaws shall control over such other inconsistent provisions.

19.8 Insurance. The Management Body, shall (a) cause any insurance carrier to include in the insurance policy a standard mortgage clause, naming any Mortgagee who makes written request to the Management Body to be so named; (b) furnish any such Mortgagee with a copy of any insurance policy or evidence thereof which is intended to cover the Unit on which such Mortgagee has a lien; (c) require any insurance carrier to give the Management Body and any and all insureds (including such Mortgagees) at least thirty (30) days written notice before canceling, reducing the coverage or limits, or otherwise substantially modifying any insurance with respect to the Property on which the Mortgagee has a lien (including cancellation for a premium nonpayment); (d) not make any settlement of any insurance claims for loss or damage to any such Unit, Common or Limited Common Area exceeding Five Thousand Dollars (\$5,000.00) without the approval of such Mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the provisions of this Declaration; (e) give such Mortgagee written notice of any loss or taking affecting Common Area, if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00); (f) give such Mortgagee written notice of any loss, damage or taking affecting any Unit or Limited Common Area in which it has an interest, if such loss, damage, or taking exceeds One Thousand Dollars (\$1,000.00).

In addition, the insurance policy acquired shall:

(a) Provide that any reference to a Mortgagee in such policy shall mean and include any holders of Mortgages of any Unit or Unit lease, in their respective order and preference, whether or not named therein;

(b) Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Management Body or Unit Owners or any persons claiming under any of them;

(c) Waive any provision invalidating such Mortgage clause by reason of: the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy; any requirement that the Mortgagee pay any premium thereon; and, any contribution clause.

19.9 Inspection of Books. Owners, Mortgagees, insurers, and guarantors of any Mortgage on any Unit shall be entitled to: inspect at all reasonable hours or weekdays (or other reasonable circumstances) all of the books and records of the Management Body including current copies of this Declaration and Bylaws, and other rules governing the Condominium and other books, records, and financial statements of the Management Body (within a reasonable time following request); and, upon written request of the holders, insurers, or guarantors of at least a majority of first Mortgagees, at their expense if an audited statement is not otherwise

available, to receive an annual audited financial statement of the Management Body within ninety (90) days following the end of any fiscal year of the Management Body

Article 20 SERVICE OF PROCESS

The registered agent of the Condominium in the State of Idaho shall be a resident of Bonner County, State of Idaho, with a business address in Bonner County, State of Idaho.

Service upon such person shall be the exclusive method of service in any action relating to the Common Areas and facilities. Upon termination of such person's capacity or authority to receive service, a new designation shall be made by the Management Body, and such designation shall be filed with the County Auditor of Bonner County, together with an acknowledgment in writing of acceptance of such designation by the person who is designated. Upon failure to so designate a person to receive service of process and to file such designation and acceptance of such designation, service may be made upon the county auditor with like effect as though said service were made upon a person designated, and it shall be the duty of the county auditor to forward a copy of such summons served on him by registered mail to the Management Body at the address or location last known, but no failure on the part of the county auditor to mail such copy of summons shall affect the validity of service thereof

The initial Registered Agent designated to receive service of process in any action relating to the Common Area and facilities of the Condominium is SVEIN NOSTDAHL, a resident of Bonner County, Idaho, whose business address is 1014 Ontario Street, Sandpoint, Idaho 83864, and by his signature below, hereby accepts such designation.

Article 21 COMPLIANCE WITH DECLARATION

21.1 Enforcement. Each Unit Owner shall comply strictly with the provisions of this Declaration and Bylaws and any administrative rules and regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to this Declaration, and Bylaws and administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Management Body (acting through its members on behalf of the Unit Owners), or by the aggrieved Unit Owner on his own against the party (including a Unit Owner or the Management Body) failing to comply.

21.2 No Waiver of Strict Performance. The failure of the Management Body or a Unit Owner, in anyone or more instances to insist upon the strict performance of this Declaration and the Bylaws, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition, or restriction, but such term, covenant, condition, or restriction shall remain in full force and effect. The receipt by the Management Body of any assessment from a Unit Owner, with knowledge of such breach, shall not be deemed a waiver of such breach, and no waiver by the Management Body of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

22.1 Notices for All Purposes.

22.1.1 Delivery of Notice. Any notice permitted or required to be delivered under the provisions of this Declaration may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered twenty-four (24) hours after a copy has been deposited in the United States mail, postage prepaid, for first class mail, Addressed to the person entitled to such notice at the most recent address given by such person to the Board, in writing, for the purpose of service of such notice, or to the most recent address known to the Board. Notice to the Owner or Owners of any Unit shall be sufficient if mailed to the Unit of such person or persons if no other mailing address has been given to the Secretary of the Management Body by any of the persons so entitled. Mailing addresses may be changed from time to time by notice in writing to the Secretary of the Management Body. Notice to be given to the Board may be given to Declarant until the Board has been constituted and thereafter shall be given to the President or Secretary of the Board.

22.1.2 Mortgagee Notice. Upon written request therefore, and for a period specified in such notice, the Mortgagee of any Unit shall be entitled to be sent a copy of any notice respecting the Unit covered by his security instrument until the request is withdrawn or the security instrument discharged. Such written request may be renewed an unlimited number of times.

22.2 Severability. The provisions hereof shall be deemed independent and severable, and the validity or partial invalidity or enforceability of anyone provision or portion thereof shall not affect the validity or enforceability of any other provision hereof if the remainder complies with the Act or as covenants effect the common plan.

22.3 Conveyances: Notice Required. The right of a Unit Owner to sell, transfer, or otherwise convey the Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Management Body, or anyone acting on their behalf. An Owner intending to sell a Unit shall deliver a written notice to the Secretary of the Management Body, at least two (2) weeks before closing, specifying: the Unit to be sold; the name and address of the Purchaser, of the closing agent, and of the title insurance company insuring the Purchaser's interest; and the estimated closing date. The Board shall have the right to notify the Purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Unit, whether or not such information is requested. It is understood, however, that a violation of this Section shall not invalidate a sale, transfer, or other conveyance of a Unit which is otherwise valid under applicable law.

22.4 Transfer of Declarant's Powers. Declarant, at any time in the exercise of its sole discretion, may sell, assign, transfer, encumber, or otherwise convey to any person, upon such terms and conditions as Declarant may determine, all of Declarant's rights, powers, privileges, and authority arising hereunder by virtue of Declarant's capacity as Declarant (which rights, powers, privileges, and authority are in addition to those arising from Declarant's ownership of one or more Units and include Development Rights, Special Declarant Rights and Declarant control).

22.5 Effective Date. This Declaration shall take effect upon recording.

23.1 General. Declarant, for itself and any successor Declarant, reserves the following Development Rights:

23.1.1 Completion of Improvements. Declarant, its agents, employees, and contractors shall have the right to complete improvements and otherwise perform work: authorized by the Declaration; indicated on the Survey Map and Plans; authorized by building permits; provided for under any Purchase and Sale Agreement between Declarant and a Unit Purchaser; necessary to satisfy any express or implied warranty under which Declarant is obligated; or otherwise authorized or required by law.

23.1.2 Alterations from Survey Map and Plans. Declarant reserves the right to alter by minor variation the actual completed construction and improvements from those set forth in the attached conceptual Survey Map and Plans based upon differing site conditions and selection of materials.

23.1.3 Facilities of Declarant. Declarant, its agents, employees, and contractors shall be permitted to establish and maintain in any Unit still owned by Declarant and in any of the Common Area (other than Limited Common Area assigned to Units not owned by Declarant), such facilities as, in the sole discretion of the Declarant, may be reasonably required, convenient, or incidental to the construction, sale, or rental of Units and appurtenant interests, including but not limited to: business offices; management offices; sales offices; construction offices; storage areas; signs; model units; and parking areas for all agents, employees, contractors, prospective tenants, or purchasers of Declarant. Any such facilities not designated a Unit by the Declaration is a Common Area and, if Declarant ceases to be a Unit Owner, the Declarant ceases to have any rights with regard thereto unless it is removed promptly from the Condominium, which Declarant shall have the right to do. Declarant may maintain signs on the Common Area advertising the Condominium. The provisions of this Section are subject to the provisions of other state law and to local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion; provided, that the maintenance and use of such facilities shall not unreasonably interfere with a Unit Owner's use and enjoyment of: the Unit and appurtenant Limited Common Area; and, those portions of the Common-Area reasonably necessary to use and enjoy such Unit and Limited Common Area.

23.1.4 Exercise of Development Rights. Declarant shall have the right to exercise Development Rights under this Declaration and the Act. The said Development Rights shall continue so long as Declarant is completing improvements within the Condominium, or Declarant owns any Units, or any Development Rights remain in effect.

23.1.5 Declarant Control. Declarant, or persons designated by Declarant, shall have the right to appoint and remove without cause officers and members of the Board, which right is herein referred to as "Declarant Control." The period of Declarant Control terminates no later than the earlier of: (a) sixty (60) days after conveyance of at least seventy-five percent (75%) of the Units which may be conveyed to Unit Owners other than a Declarant, including Units on any added real property; (b) two (2) years after the last conveyance or transfer of record of a Unit except as security for a debt, including Units on the added real property; (c) two (2) years after any Development Right to add new Units was last exercised; or (d) the date on which the Declarant records an amendment to the Declaration pursuant to which the Declarant voluntarily surrenders the right to appoint and remove officers and members of the Board before termination of the period provided for under (a), (b), and (c) of

this Section, but in the event the Declarant may require for the duration of the period of Declarant Control, that specified actions of the Management Body or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

23.1.6 Subdivision and Combination. Declarant shall have the right to subdivide or combine Units or convert Units into Common Area. Whenever Declarant exercises a Development Right to subdivide, combine or convert a Unit previously created into additional Units, Common Area, or both:

(a) If Declarant converts the Unit entirely to Common Area, the amendment to the Declaration must reallocate all the Allocated Interests of that Unit among the other Units as if that Unit had been taken by condemnation.

(b) If Declarant subdivides the Unit into two or more Units, whether or not any part of the Unit is converted into Common Area, the amendment to the Declaration must reallocate all the Allocated Interests of the Unit among the Units created by the subdivision in any reasonable and equitable manner prescribed by the Declarant.

(c) If Declarant combines two or more Units, the amendment to the Declaration must reallocate to the new Unit all of the Allocated Interests formerly allocated to the Units so combined.

23.1.7. Addition of Real Property and Improvements

(a) Declarant shall have the right to add real property adjoining that described on Addendum 1 attached hereto to this Condominium, and construct thereon additional Units.

(b) Any Units so constructed shall, in so much as is practicable, be similar in style and appearance to those shown on the survey map and plans for this condominium.

(c) All of the Declarant Development Rights shall apply to the additional real property.

(d) At the time of the execution of this Declaration, Declarant anticipates constructing one (1) Building consisting of four (4) Units each, for a total of four (4) Units. Declarant shall not be bound by this subparagraph to construct any particular number of Buildings or Units, if any.

(e) Amendments to the Declaration and the Survey Map and Plans showing the added real property, improvements, and Units shall contain all information required by the Act.

23.1.8 Different Parcels: Different Times

(a) Any Development Right may be exercised with respect to different parcels of real property at different times;

(b) No assurances are made as to final boundaries of such parcels or as to the order in which those parcels may be subjected to the exercise of each Development Right; and

(c) Even though a Development Right is exercised in any portion of the Real Property subject to that right, that right need not be exercised in all or in any other portion of the remainder of that Real Property.

23.1.9 Exercise of Development Right. To exercise any Development Right, the Declarant shall prepare, execute, and record an amendment to the Declaration pursuant to this Declaration.

23.1.10 Termination of Development Rights. The foregoing Development Rights shall terminate seven (7) years from the date of recording of the first conveyance of a Unit to an Owner other than Declarant; provided, that Declarant may voluntarily terminate any or all of such Rights at any time by recording an amendment to the Declaration, which amendment specifies which Right is thereby terminated.

23.2 Liability for Damage. The Declarant is subject to liability for the prompt repair and restoration, to a condition compatible with the remainder of the Condominium, of any portion of the Condominium damaged by the exercise of rights reserved by Declarant pursuant to or created by this Declaration or the Act.

23.3 Declarant Easements. Declarant has an easement through the Common Area as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Development Rights, whether arising under the Act or reserved in this Declaration.

Article 24
CERTIFICATION

The undersigned, being the record Owner, does hereby create this Condominium and consents to the recordation of this Declaration and all Survey Maps and Plans to be recorded in the creation of this Condominium, and certifies that there are no lienholders with security interests in the real property subject to this Declaration.

DATED this 23rd day of August, 2000

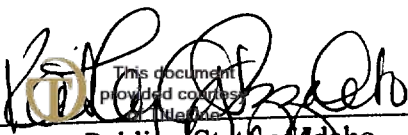
Svein Nostdahl
Svein Nostdahl

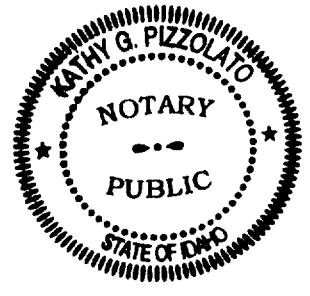
Stefanie A. Nostdahl
Stefanie A. Nostdahl

STATE OF IDAHO) ss

COUNTY OF BONNER)
On this 23rd day of August, 2000, before me, the undersigned Notary Public, personally appeared SVEIN NOSTDAHL and STEFANIE A. NOSTDAHL, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

This document provided courtesy of Notary.com

Notary Public, State of Idaho
Residing at Boise therein.
My commission expires: 6-21-2008





ADDENDUM 1

ATTACHED TO

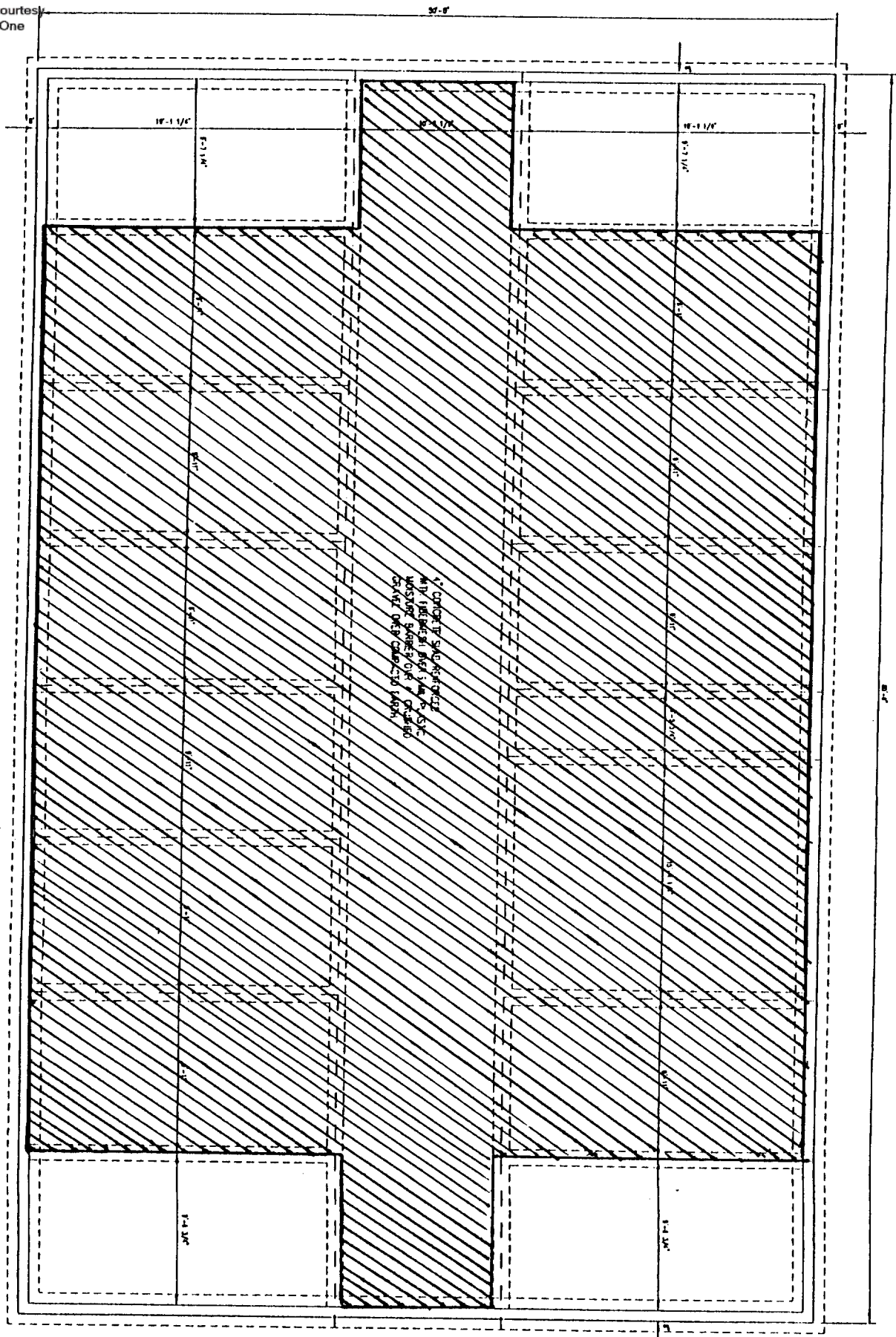
DECLARATION OF CONDOMINIUM OF LILLEHAMMER CONDOMINIUMS (EMBODYING THEIR COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS, AS WELL AS THE BYLAWS OF THEIR MANAGEMENT BODY)

The legal description of the Property is the following:

Lot 4, Block 2, Ponderosa Park, according to the Plat thereof recorded on September 15, 1992 as Instrument No. 412246, in Book 21 of Plats, Page 147, records of Bonner County, Idaho.



This document provided courtesy of TitleOne



SHADED PORTION EXCEPTING LAUNDRY AND MAINTENANCE ROOMS ARE UNIT E

FOUNDATION PLAN

SCALE 1/4" = 1'-0"

✓ CENTER GRADE REFERENCE
ANY DEVIATION FROM STATE
MAINTENANCE GRADE FOR
CRACKS OVER CRACKED AREA



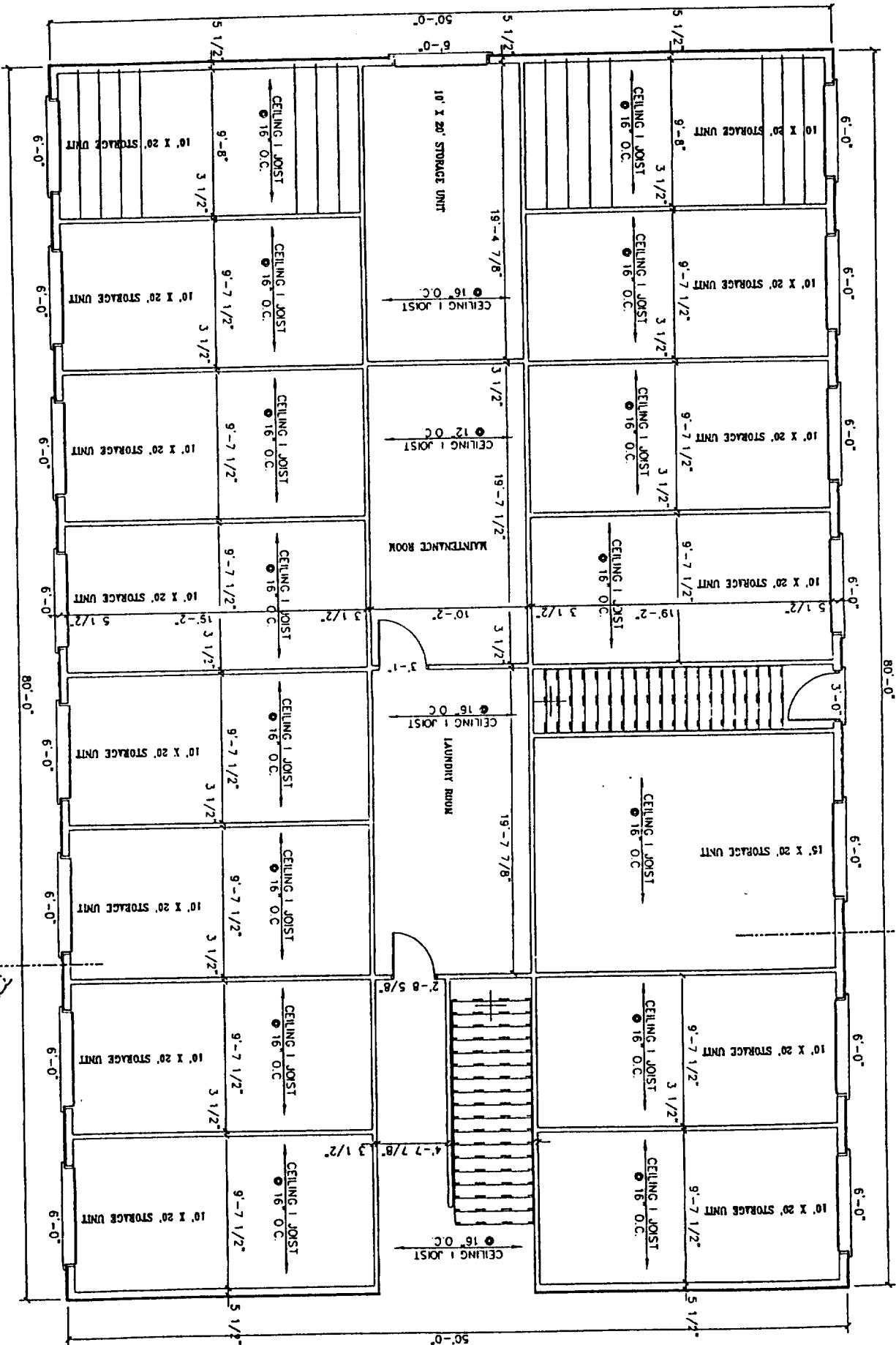
FOUNDATION PLAN

LYNCO

DESIGNED BY	DATE	SCALE	SHEET
1.1.1.1	2-12-88	1/4" = 1'-0"	1 of 2



This document provided courtesy of TitleOne



FIRST FLOOR PLAN
SCALE: 1/4" = 1'-0"



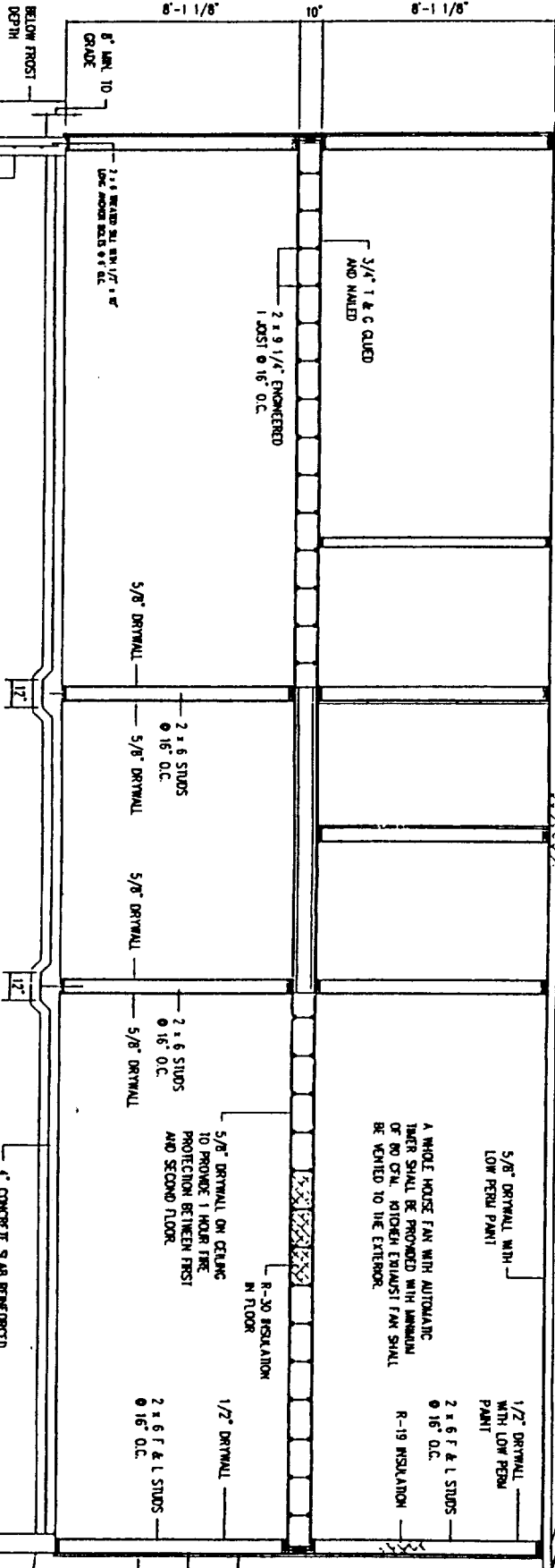
FIRST FLOOR PLAN
LYNCO

DESIGNED BY	DATE	PROJECT
LYNCO	1-11-08	2 of 0
CHECKED BY	SCALE	REVISION

This document provided courtesy of TitleOne

1. 11/16" x 1/4" REBAR CONTINUOUS
2. 11/16" x 1/4" REBAR CONTINUOUS

8" CONCRETE WALL WITH 2 #4 REBAR CONTINUOUS HORIZONTALLY AND #4 REBAR @ 48" O.C. VERTICALLY



SECTIONAL VIEW
SCALE: 3/8" = 1'-0"

4" CONCRETE SLAB REINFORCED WITH FIBERGLASS OVER 6 IN. PLASTIC MOISTURE BARRIER OVER 4" CRUSHED GRAVEL OVER COMPACTED EARTH.

5/8" DRYWALL ON CEILING TO PROVIDE 1 HOUR FIRE PROTECTION BETWEEN FIRST AND SECOND FLOOR.

A WHOLE HOUSE FAN WITH AUTOMATIC TIMER SHALL BE PROVIDED WITH MANUAL OFF OR ON. KITCHEN EXHAUST FAN SHALL BE VENTED TO THE EXTERIOR.

CONTINUOUS RIDGE VENT
ATTIC VENTILATION MINIMUM OF 1/150 OF TOTAL AREA. EXHAUST FANS SHALL TERMINATE AT LEAST 3' FROM ANY OPENING.

25 YEAR ASPHALT SHINGLES OVER 3/4" FELT PAPER

1/2" SHEATHING WITH CLIPS

ROOF TRUSSES TO BE 2x6 LUMBER TRUSSES SPACING @ 24" O.C.

R-30 INSULATION IN CEILING

5/8" DRYWALL WITH LOW PERFLU PAINT

1/2" DRYWALL WITH LOW PERFLU PAINT

2 x 6 F & L STUDS @ 16" O.C.

R-19 INSULATION

R-30 INSULATION IN FLOOR

1/2" DRYWALL

2 x 6 F & L STUDS @ 16" O.C.

7/16" WATERBOARD SHEATHING
TYVEK OR EQUAL VAPOR BARRIER
VINYL SIDING

SLOPE FINISH GRADE MINIMUM OF 1% FROM HOUSE



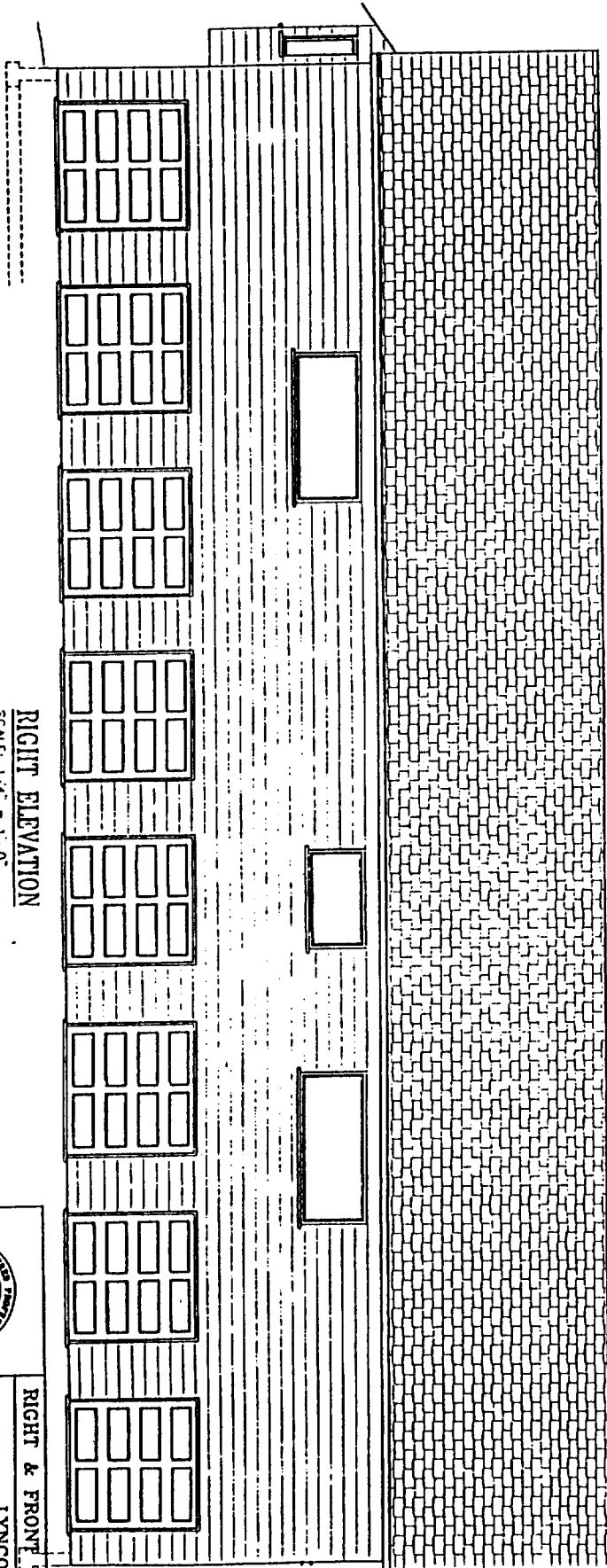
SECTIONAL VIEW

LYNCO

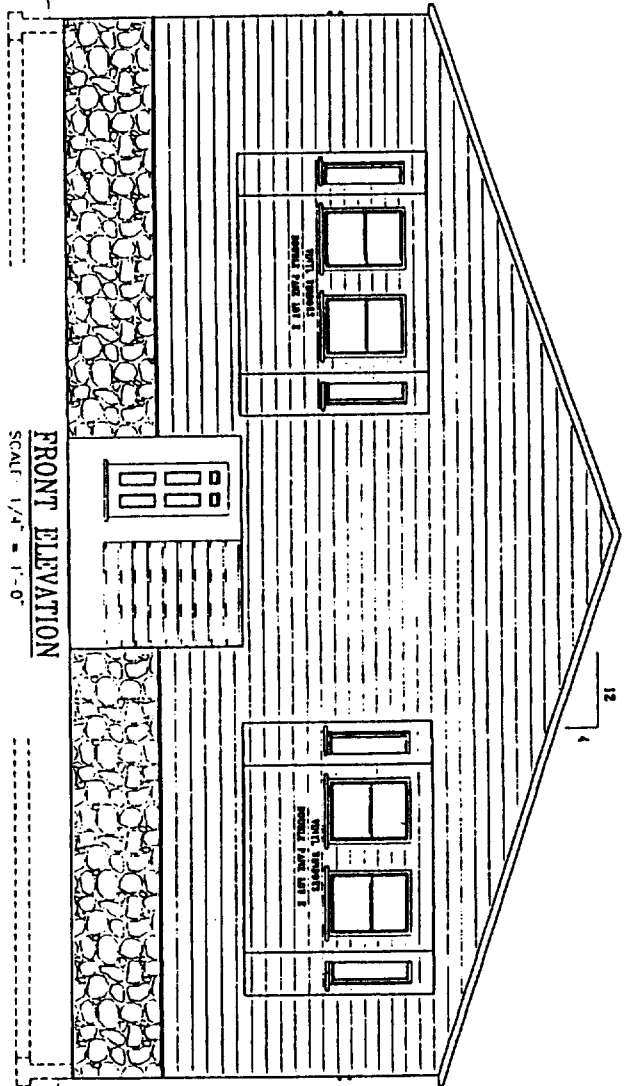
Project No.	12574	Sheet	4 of 6
Contract No.	12574	Scale	AS SHOWN



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RIGHT ELEVATION
SCALE: 1/4" = 1'-0"



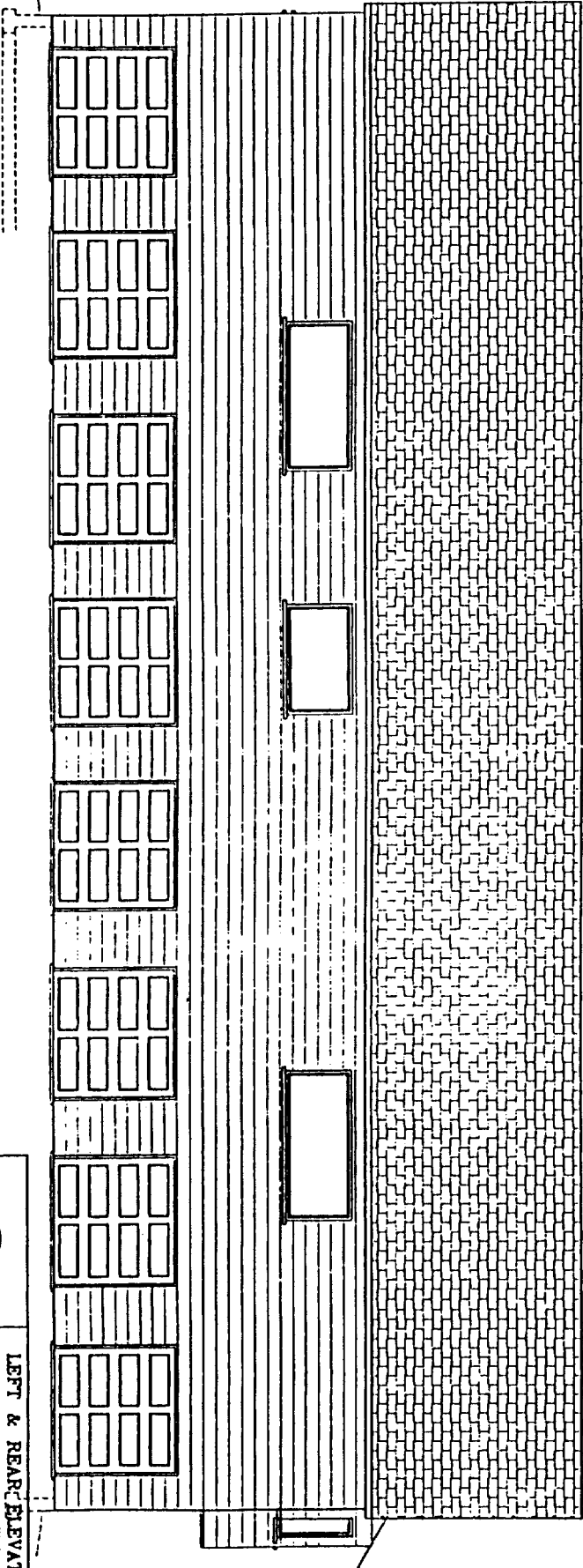
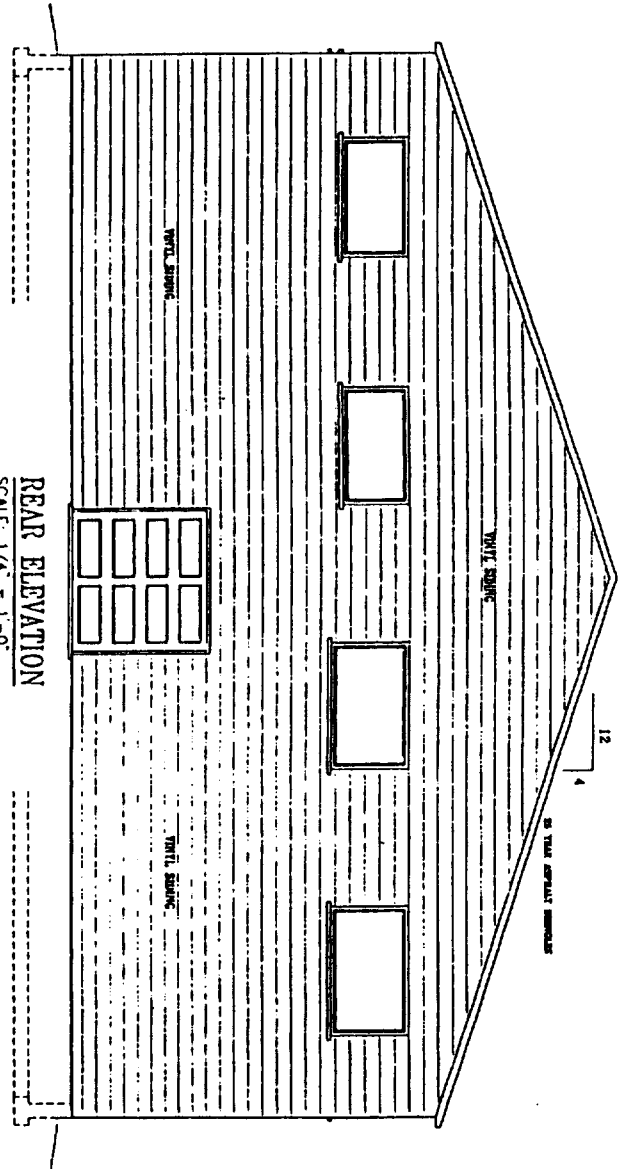
FRONT ELEVATION
SCALE: 1/4" = 1'-0"



RIGHT & FRONT ELEVATION
LYNCO

DESIGNED BY	DATE	PROJECT
LYNCO	3-11-08	5

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LEFT ELEVATION
SCALE: 1/4" = 1'-0"

LEFT & REAR ELEVATION
LYNCO



DESIGNED BY: LK	DATE: 2-10-98	SHEET: 6 OF 6
CHECKED BY: LK	SCALE: AS SHOWN	



ADDENDUM 3

ATTACHED TO

DECLARATION OF CONDOMINIUM OF LILLEHAMMER CONDOMINIUMS (EMBODYING THEIR COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS, AS WELL AS THE BYLAWS OF THEIR MANAGEMENT BODY)

There shall be two classes of units: (1) There shall be four Residential or living units, each of which shall include two designated parking spaces and the Declarant hereby assigns the corner storage unit directly beneath each living unit to that living unit. The owner(s) of each Residential Unit shall own 20% (Twenty Per Cent) of the Common Area and 25% (Twenty Five Per Cent) of the Special Limited Common Area (maintenance and laundry rooms), for purposes of tax assessment and liability. (2) There shall be one Non-Residential unit, which shall include twelve storage units only. The owner(s) of the Non-Residential Unit shall own 20% (Twenty Per Cent) of the Common area for purposes of tax assessment and liability. The owner(s) of the Non-Residential Unit shall have no ownership interest in the Special Limited Common Area (maintenance and laundry room), nor bear any liability for taxes or other claims in connection with the Special Limited Common Area.



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Instrument # 962459
Bonner County, Sandpoint, Idaho
08/05/2020 01:01:04 PM No. of Pages: 4
Recorded for: FIRST AMERICAN TITLE - SANDPOINT
Michael W. Rosedale Fee: \$19.00
Ex-Officio Recorder Deputy cbrannon
Index to: MISC

Miscellaneous:

First Amendment to Declaration of Condominium Lillehammer Condominiums



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of TitleOne

*Recording Requested By and
When Recorded Return to:*

Smith + Malek, PLLC
601 E. Front Avenue, Suite 304
Coeur d'Alene, Idaho 83814

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

**FIRST AMENDMENT TO
DECLARATION OF CONDOMINIUM LILLEHAMMER CONDOMINIUMS
(EMBODYING THEIR COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATIONS, AS WELL AS THE BYLAWS OF THEIR
MANAGEMENT BODY)
LOCATED IN
BONNER COUNTY, IDAHO**

This DECLARATION OF CONDOMINIUM LILLEHAMMER CONDOMINIUMS (EMBODYING THEIR COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS, AS WELL AS THE BYLAWS OF THEIR MANAGEMENT BODY) LOCATED IN BONNER COUNTY, IDAHO (this "**First Amendment**") is made to be effective as of July 31, 2020 ("**Effective Date**"), by the undersigned majority unit owner(s) within the Lillehammer Condominiums ("**Unit Owners**").

RECITAL

Pursuant to Paragraph 18.1 of that certain Declaration of Condominium Lillehammer Condominiums (Embodying their Covenants, Conditions, Restrictions and Reservations, as well as the Bylaws of Their Management Body) located in Bonner County, Idaho recorded on August 23, 2002 under Instrument No. 607427 ("**Declaration**"), this Amendment was adopted by the vote of the majority of Unit Owners within the Association.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing facts and circumstances, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the majority Unit Owners agree as follows:



1. Amendment to Declaration. The following amendment is hereby made to the Declaration:

Addendum 3 attached to the Declaration is hereby deleted and replaced with the following:

There shall be two classes of units:

1. **Residential Units.** There shall be four (4) residential or living units numbered Unit A-D at the Property (each, a “**Residential Unit**”). Each Residential Unit shall include two (2) designated parking spaces and one (1) storage unit. The storage unit for each Residential Unit shall be the corner storage unit directly beneath the applicable Residential Unit. Each Residential Unit’s owner(s) shall own twenty percent (20%) of the Common Area (defined in Article 5) and twenty-five percent (25%) of the Special Limited Common Area (defined in Section 6.1.3).
 2. **Non-Residential Unit.** There shall be one (1) non-Residential Unit, which shall include twelve (12) storage units. The non-Residential Unit’s owner(s) shall own the remaining twenty percent (20%) of the Common Area for purposes of assessment and liability. The non-Residential Unit’s owner(s) shall have no interest in the Special Limited Common Area (maintenance and laundry rooms) nor bear any liability for taxes or other claims in connection with the Special Limited Common Area.
1. **Miscellaneous.** The recitals set forth above are hereby incorporated into this First Amendment by this reference. All capitalized terms used but not otherwise defined herein will have the meanings ascribed to them in the Declaration. If there are any inconsistencies between this First Amendment and the Declaration, then this First Amendment will control. Except as otherwise specifically provided in this First Amendment, the Declaration remains unmodified and in full force and effect.

[signature page to follow]



Instrument # 1023434
 Bonner County, Sandpoint, Idaho
 08/01/2023 09:08:03 AM No. of Pages: 4
 Recorded for: STEVE GINGRAS
 Michael W. Rosedale Fee: \$19.00
 Ex-Officio Recorder Deputy
 Index to: CONDITIONS COVENANTS & RESTRICTIONS

BC

Recording Requested By and When Recorded Return to:

Smith + Malek, PLLC
601 E. Front Avenue, Suite
304 Coeur d'Alene, Idaho
83814

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

**SECOND AMENDMENT TO
DECLARATION OF CONDOMINIUM LILLEHAMMER CONDOMINIUMS
(EMBODYING THEIR COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATIONS, AS WELL AS THE BYLAWS OF THEIR MANAGEMENT BODY)
LOCATED IN BONNER COUNTY, IDAHO**

This SECOND AMENDMENT OF CONDOMINIUM LILLEHAMMER CONDOMINIUMS (EMBODYING THEIR COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS, AS WELL AS THE BYLAWS OF THEIR MANAGEMENT BODY) LOCATED IN BONNER COUNTY, IDAHO (this "Second Amendment") is made to be effective as of July 17, 2023 ("Effective Date"), by the undersigned majority unit owner(s) within the Lillehammer Condominiums ("Unit Owners").

RECITAL

Pursuant to Paragraph 18.1 of that certain Declaration of Condominium Lillehammer Condominiums (Embodying their Covenants, Conditions, Restrictions and Reservations, as well as the Bylaws of Their Management Body) Located in Bonner County, Idaho recorded on August 23, 2002, under Instrument No. 607427 ("Declaration"), this Amendment was adopted by the vote of the majority of Unit Owners within the Association.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing facts and circumstances, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the majority Unit Owners agree as follows:



1. **Amendment to Declaration.** The following amendment is hereby made to the Declaration:


Addendum 3 to the Declaration is hereby deleted and replaced with the following:

Residential Units. There shall be one class of Units. There shall be four (4) residential living units numbered Unit A-D at the Property (each, a "**Residential Unit**"). Each Residential Unit shall include two (2) designated parking spaces and one (1) storage unit. The storage unit for each Residential Unit shall be the corner storage unit directly beneath the applicable Residential Unit. Each Residential Unit's owner(s) shall own twenty percent (20%) of the Common Area (defined in Article 5) and twenty-five percent (25%) of the Special Limited Common Area (defined in Section 6.1.3).

Storage Area. The twelve (12) storage units that are not included as part of the Residential Units collectively constitute the "**Storage Area**". The Storage Area is not a Unit. The owner(s) of the Storage Area shall own the remaining twenty percent (20%) of the Common Area for purposes of assessment and liability. The Storage Area owner(s) shall have no interest in the Special Limited Common Area (defined in Section 6.1.3) nor bear any liability for taxes or other claims in connection with the Special Limited Common Area.

2. **Miscellaneous** The recitals set forth above are hereby incorporated into this Second Amendment by this reference. All capitalized terms used but not otherwise defined herein will have the meanings ascribed to them in the Declaration. If there are any inconsistencies between this Second Amendment and the Declaration, then this Second Amendment will control. Except as otherwise specifically provided in this Second Amendment, the Declaration remains unmodified and in full force and effect. This Second Amendment may be executed in one or more counterparts and will be considered one and the same instrument.

[signature page to follow]

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provided courtesy
of TitleOne



JAIME D. BUFFINGTON GINGRAS

STATE OF Idaho)
County of Kootenai) ss.

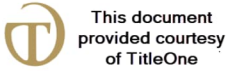
On this 31st day of July, 2023, before me, a Notary Public for the state of Idaho personally appeared JAIME D. BUFFINGTON GINGRAS, known or identified to me to be a Unit Owner of Lillehammer Condominiums that executed the within instrument on behalf of the majority Unit Owners.

IN WITNESS WHEREOF, I have set my hand and seal the day and year as above written.

Rebekah Rogstad

Notary Public for Idaho
Residing at Hayden, ID
Commission Expires: 12/27





ADOPTION OF AMENDMENT

IN WITNESS WHEREOF, the undersigned majority of Unit Owners has executed and delivered the foregoing Second Amendment to be effective as of the Effective Date.

STEVEN F. GINGRAS and JAIME D. BUFFINGTON GINGRAS, husband and wife
Unit Owners of 3 Units within Lillehammer Condominiums

Steven F. Gingras
STEVEN F. GINGRAS

STATE OF Idaho,
County of Kootenai : ss.

On this 31st day of July, 2023, before me, a Notary Public for the state of Idaho personally appeared STEVEN F. GINGRAS, known or identified to me to be a Unit Owner of Lillehammer Condominiums that executed the within instrument on behalf of the majority Unit Owners.

IN WITNESS WHEREOF, I have set my hand and seal the day and year as above written.

Rebekah Rogstad
Notary Public for Idaho
Residing at Hayden, ID
Commission Expires: 12/27

