

CONDOMINIUM DECLARATION

FOR

HILLCREST CONDOMINIUMS

ARTICLE I.

RECITALS:

A. MARCHRIS DEVELOPMENT COMPANY, an Idaho corporation, herein "Declarant" owns in fee simple real property in Blaine County, Idaho described on Exhibit A, attached hereto, and by this reference made a part hereof (the "Real Property").

B. Declarant intends to provide for condominium ownership of the Real Property under the Idaho Condominium Property Act. All provisions of this Declaration shall run with the land and shall constitute benefits and burdens to the Declarant and their assigns and to all persons or entities hereinafter acquiring or owning any interest in the project, however such interest may be obtained.

ARTICLE II.

The project is hereby divided into condominiums, each consisting of a separate interest in a unit, and an undivided interest in the common area, in accordance with Exhibit B. attached hereto and made a part hereof. Exhibit B. sets forth the common area appurtenant to each unit, the legal description of each unit, and the percentage of ownership interest in the common area which is to be allocated to each unit for purposes of tax assessment and liability. Such undivided interest in the common area is hereby declared to be appurtenant to the respective units. Limited common area, in accordance with the Condominium Map, is designated for exclusive use by Owners of particular condominiums.

ARTICLE III.

Definitions.

A. "Unit" means the separate interest in a condominium as bounded by the interior surfaces of the perimeter walls, floors, ceilings, windows and doors thereof as shown on the Condominium Map to be filed for record, together with all fixtures and improvements therein contained. Notwithstanding such markings, the following are not a part of the unit: bearing walls, columns, floors and roofs (except the interior surface thereof, if a perimeter wall, floor or ceiling), foundations, tanks, pumps and other services used by more than one unit, pipes, vents, ducts, flues, chutes, conduits, wires, garages, and other utility installations, wherever located except the outlets thereof when located within the unit. The

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interior surfaces of a perimeter window or door means the points at which such surfaces are located when such windows or doors are closed; the physical windows and doors themselves are part of the common area, as herein defined.

B. "Common area" means the entire project excepting all units.

C. "Limited common area" means that common area designated herein for exclusive use by Owners of particular condominiums, as those terms are herein defined.

D. "Condominium" means a separate interest in a unit together with an undivided interest in the common area (expressed as a percentage of the entire ownership interest in the common area) as set forth in Exhibit B attached hereto.

E. "Elevator" means that portion of Unit C and the common area upon which a mechanical device for transportation from the ground floor to unit C has been installed, including but not limited to, the shaft, the elevator compartment, conduits, wires, pulleys, mechanical devices and other materials used in construction of said device.

ARTICLE IV.

Subject to the limitations contained in this Declaration, each Owner shall have the nonexclusive right to use and enjoy the common area, and shall have the exclusive right to use and enjoy the limited common area designated herein for the exclusive use by such Owner. Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise maintain, refinish and decorate the interior surfaces of the walls, ceilings, floors, windows, and doors forming the boundaries of his unit and all walls, ceilings, floors and doors within such boundaries.

ARTICLE V.

Description of Condominium. The legal description of a condominium shall be as follows:

"Condominium Unit ___ as shown on the condominium map for HILLCREST CONDOMINIUMS, appearing in the records of Blaine County, Idaho, as Instrument No. _____ and as defined and described in that Condominium Declaration for HILLCREST CONDOMINIUMS recorded in the records of Blaine County, Idaho, as Instrument No. _____."

Such description will be construed to describe the unit, together with the appurtenant undivided interest in the common area, and to incorporate all the rights incident to ownership

of a condominium and all the limitations on such ownership as described in this Declaration.

ARTICLE VI.

Mechanic's Lien Rights. No labor performed or materials furnished with the consent of or at the request of an Owner or his agent shall be the basis for the filing of a lien against the condominium of any other Owner, unless such other Owner has expressly consented to or requested the performance of such labor or furnishing of such materials. Such express consent shall be deemed to have been given by the Owner of any condominium in the case of emergency repairs thereto. Any Owner may remove his condominium from a lien against two condominiums or any part thereof by payment to the holder of the lien of the fraction of the total sum secured by such lien which is attributable to his condominium.

Easements for Encroachments. If any part of the common area encroaches or shall hereinafter encroach upon a unit or units, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a unit encroaches or shall hereafter encroach upon the common area, or upon an adjoining unit an easement for such encroachment and for the maintenance of the same shall and does exist. Such encroachments shall not be considered to be encumbrances whether on the common area or the units. Encroachments referred to herein include, but are not limited to, encroachments caused by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

ARTICLE VII.

The Management Body. Every Owner shall be entitled and required to become a member of the Management Body. An Owner shall be entitled to one membership for each condominium owned by him. No person or entity other than an Owner may be a member of the Management Body, and membership may not be transferred except in connection with a transfer of a condominium.

Each Owner shall be entitled to vote the same percentage of the total number of votes of the Management Body as such Owner's percentage interest in the common area as set forth in Exhibit B.

The Management Body shall be responsible for the exclusive management and control of the common area, and all improvements thereon and shall keep the same in good, clean, attractive and sanitary condition, order and repair, except for the elevator which shall be under the exclusive management and control of the owner of Condominium Unit C and which shall be maintained in all respects by the owner of Condominium Unit C. The

Management Body shall be responsible for the maintenance and repair of the exterior surfaces of the buildings and improvements located on the project, including without limitation the painting of the same as often as necessary, and replacement of the trim and caulking, the maintenance and repair of roofs, the maintenance and repair of other common area, including utility lines, areas for access to any automobile parking structures constituting part of the condominiums and all other improvements or materials located within or used in connection with the common area. The Management Body shall maintain in a proper, first class manner, all landscaping and natural vegetation constituting part of the common area, including assuring the preservation of good visual continuity between landscaped areas and natural vegetation. Payments for maintenance, repair and replacement of common elements shall be by Management Body check. The Management Body cancelled check shall constitute the payment voucher.

The Management Body may obtain and pay for services to manage its affairs and may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the project or the enforcement of this Declaration. The Management Body may acquire and hold for the use and benefit of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as their respective interests in the common area. Upon ten (10) days written notice to the Management Body and payment of a reasonable fee as determined by the Management Body but not exceeding \$25, a 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.

The Management Body may adopt reasonable administrative rules and regulations by the vote of sixty (60%) percent of the total number of votes of the Management Body governing the use of the units and of the common area, which rules and regulations may be amended by sixty (60%) percent of the total number of votes of the Management Body, and may include, without limitation, assignment of particular portions of the storage areas within the common area for exclusive use by Owners of particular condominiums.

The Management Body by a vote or written consent of sixty (60%) percent of the total number of votes of the Management Body may designate and remove personnel necessary for the maintenance, repair and replacement of the Common elements.

ARTICLE VIII.

A. All unit Owners shall automatically become members of the Management Body.

B. The Management Body shall have the powers and duties necessary for the administration of the affairs of the project, and shall include, but shall not be limited to the following:

1. Operation, care, upkeep and maintenance of the common area, except for the elevator which shall be the sole responsibility of the owner of Unit C.
2. Determination of common expenses required for the affairs of the project.
3. Collection of assessments.
4. Employment and dismissal of personnel necessary for the maintenance and operation of the project.
5. Make reasonable rules and regulations governing the use of units and of the common area.
6. Opening of bank accounts on behalf of the project and designating the signatories required therefor.
7. Purchase and maintain fire, casualty, and liability insurance for the project.
8. Making repairs, additions, restorations, maintenance or alterations to the common areas.

C. Voting. Each Owner shall be entitled to vote the same percentage of the total number of votes as such Owner's percentage interest in the common area as set forth in Exhibit B. attached hereto.

D. Meetings. The regular meetings of the Management Body may be held at such time and place as shall be determined from time to time by the members, but at least two such meetings shall be held during each fiscal year. Regular meetings shall be scheduled as agreed by the Owners.

If all the members of the Management Body are present at any meeting of the Management Body, no notice shall be required and any business may be transacted at such meeting.

E. Order of Business. The order of business at all meetings shall be as follows:

1. Roll call;
2. Reading of minutes of preceding meeting;
3. Reports;
4. Unfinished business;
5. New business.

F. Officers. There shall be two (2) officers of the project. A President, and a Secretary/Treasurer. The offices

will be rotated on an annual basis among the condominium Owners.

ARTICLE IX.

Assessments. Each Owner shall be deemed to covenant and agree to pay to the Management Body periodic assessments for the purposes provided in this Declaration together with special assessments for capital improvements. Such assessments shall be fixed, established and collected from time to time in the manner provided in this article.

The total periodic assessments against the condominium shall be based upon advanced estimates of cash requirements by the Management Body to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the common area, which may include, among other things, expenses of management; taxes and special assessment; premiums for all insurance which the project is required or permitted to maintain pursuant hereto; landscaping and care of grounds; trash collection; snow removal; wages for project employees; legal and accounting fees; and any other expenses and liabilities which may be incurred for the benefit of the Owners under and by reason of this Declaration.

The Management Body shall make periodic assessments, apportioned among the Owners in proportion as provided in Exhibit B. which assessments may be quarterly or as the Management Body shall from time to time determine. Written notice of the assessment shall be given to each Owner, which notice shall specify the amount of the assessment and the date of payment of the same. No payments shall be due less than fifteen (15) days after said written notice has been given. Each periodic assessment shall bear interest at the rate of eighteen percent (18%) per annum, from the date it becomes due and payable if not paid within thirty (30) days after such date.

In addition to the annual assessments, the Management Body may levy at any time a special assessment, payable over such a period as may be determined for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of the project or any part thereof, or for any other expense incurred or to be incurred as provided in this Declaration. Notice and payment of special assessments shall be the same as periodic assessments.

All sums assessed to any Owner, together with interest thereon, shall be secured by a lien on such condominium in favor of the project upon recording of the notice of assessment as herein provided. Such lien shall be superior to all other liens and encumbrances on such condominium except only for:
(a) valid tax and special assessment liens on the condominium

in favor of any governmental assessing authority; (b) a lien for all sums unpaid on a first mortgage or deed of trust duly recorded in Blaine County, Idaho real estate records; and (c) labor or materialmen's liens to the extent required by law. No notice of assessment shall be recorded until there is a delinquency of sixty (60) days in payment of the assessment. Such lien may be enforced by sale, by any Owner after failure of an Owner to pay such an assessment in accordance with its terms. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, the cost and expenses of filing the notice of assessment and all reasonable attorney's fees. All such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay any assessments against the condominium which shall become due during the period of foreclosure. Unless sooner satisfied and released, any lien created pursuant to this section shall expire and be of no further force or effect one (1) year from the date of recordation of said notice of assessment. The amount of any periodic or special assessment shall be the personal obligation of the Owner thereof. Suit to recover a money judgment for such personal obligation shall be maintainable by any Owner without foreclosing or waiving the lien securing the same. A purchaser of a condominium shall be jointly and severally liable with the seller for all unpaid assessments against the condominium up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

ARTICLE X.

Each condominium shall be used for residential purposes only, and no trade or business of any kind may be carried on thereon.

ARTICLE XI.

This Declaration shall not be revoked nor shall any of its provisions herein be amended without the vote or written consent of sixty (60%) percent of the total number of votes of the Management Body duly and properly recorded with the Blaine County Recorder.

ARTICLE XII.

Insurance

A. Types of Insurance. The Management Body shall obtain and keep in full force and effect at all times the following insurance coverage provided by companies duly authorized to do business in Idaho. The provisions of this Article shall not be construed to limit the power or authority of the Management Body to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and

in such forms as the Management Body may deem appropriate from time to time.

1. Casualty Insurance. The Management Body shall obtain insurance on the Project in such amounts as shall provide for full replacement thereof in the event of damage or destruction from the casualty against which such insurance is obtained, all in the manner in which a corporation owning similar multiple family residential buildings in the vicinity of the Project would, in the exercise of prudent business judgment, obtain such insurance. Such insurance shall include fire and extended coverage, vandalism and malicious mischief, war risk insurance if available and if deemed appropriate by the Board of Managers, and such other risks and hazards against which the Board of Managers shall deem it appropriate to provide insurance protection. The Board of Managers may comply with the above requirements by the purchase of blanket coverage and may elect such "deductible" provisions as in the Board of Managers' opinion are consistent with good business practice.

2. Public Liability and Property Damage Insurance. The Board of Managers shall purchase broad form comprehensive liability coverage in such amounts and in such forms as it deems advisable to provide adequate protection. Coverage shall include without limitation, liability for personal injuries, operation of automobiles on behalf of the Board of Managers, and activities in connection with the ownership, operation, maintenance and other use of the Project.

B. Form. Casualty insurance shall be carried in a form or forms naming the Board of Managers the insured as trustee for the Owners, which policy or policies shall specify the interest of each condominium Owner (Owner's name, unit Number, the appurtenant undivided interest in the common area) and which policy or policies shall provide a standard loss payable clause providing for payment of insurance proceeds to the Board of Managers as trustee for the Owners and for the respective first Mortgagees which from time to time shall give notice to the Board of Managers of such first Mortgages, such proceeds to be used in accordance with this Declaration. Each policy shall also provide that it cannot be cancelled by either the insured or the insurance company until after ten (10) days' prior written notice is first given to each Owner and to each first Mortgagee. The Board of Managers shall furnish to each Owner who requests it and to the Declarant a true copy of such policy together with a certificate identifying the interest of the Owner. All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Owner guilty of breach of warranty, act, omission, negligence or noncompliance with any provision of such policy, including payment of the insurance premium applicable to that Owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of

such policy would otherwise invalidate or suspend the entire policy. All policies of insurance shall provide further that the insurance under any such policy as to the interest of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

Public liability and property damage insurance shall name the Board of Managers the insured, as trustee for the Owners, and shall protect each Owner against liability for acts of the Board of Managers in connection with the ownership, operation, maintenance or other use of the Project.

C. Insurance Proceeds. The Board of Managers shall receive the proceeds of any casualty insurance payments received under policies obtained and maintained pursuant to this Article. The Board of Managers shall apportion the proceeds to the portions of the Project which have been damaged and shall determine the amount of the proceeds attributable to damage to the common area. Each Owner and each Mortgagee shall be bound by the apportionments of damage and of the insurance proceeds made by the Board of Managers pursuant hereto.

D. Owner's Own Insurance. Each Owner may obtain insurance at his own expense providing coverage upon his unit, his personal property, for his personal liability, and covering such other risks as he may deem appropriate, but each such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies which the Board of Managers obtains pursuant to this Article. All such insurance of the Owner's unit shall waive the insurance company's right of subrogation against the Board of Managers, and other Owners, and the servants, agents and guests of any of them, if such insurance can be obtained of subrogation.

ARTICLE XIII.

In the event the Owners cannot unanimously agree when required by this Declaration, the issue shall be submitted to arbitration for determination. Each Owner shall select a disinterested party as their arbitrator and the selected arbitrators shall select an arbitrator. The Owners shall be bound by the determination of a majority of said arbitrators.

This Declaration is executed this 29 day of APRIL, 1986.

DECLARANT:

MARCHRIS DEVELOPMENT COMPANY

By Marc E Reineman
MARC E. REINEMAN
Its President

By Carole A Reineman
Carole A Reineman
Its Secretary

STATE OF IDAHO)
) ss.
COUNTY OF BLAINE)

On this day personally appeared before me a notary public in and for the State of Idaho, Marc E Reineman and Carole A Reineman to me known to be the President and Secretary respectively of the corporation that executed the within and foregoing instrument and acknowledged to me that such corporation executed the same pursuant to its bylaws or a resolution of its board of directors.

GIVEN UNDER my hand and official seal the 29 day of April, 1986.

(seal)

Walter W Reineman
NOTARY PUBLIC for Idaho
Residing at Ketchikan
Commission Expires 24 APR 1989

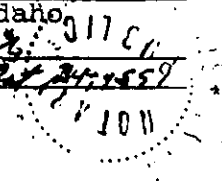


EXHIBIT A

Lot 7, Block 1, of Saddleview Subdivision No. 3, Blaine county, Idaho, according to the official plat thereof recorded January 29, 1976, as Instrument No. 164293, records of Blaine County.

Subject to a Deed of Restrictions affecting Saddleview Subdivision No. 3, Blaine County, Idaho, recorded January 29, 1976, as Instrument No. 164292, records of Blaine County.

EXHIBIT B

| <u>Unit</u> | <u>Appurtenant Undivided Interest in Common Area</u> |
|-------------|--|
| A | 34.07% |
| B | 34.88% |
| C | <u>31.05%</u> |
| | 100.00% |

Square Footage of Units

| <u>Unit</u> | <u>Including Garage</u> | <u>Excluding Garage</u> |
|-------------|-------------------------|-------------------------|
| A | 3663 | 3103 |
| B | 3737 | 3177 |
| C | 3294 | 2814 |