

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

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**Instrument # 575960**

HAILEY, BLAINE, IDAHO

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Recorded for : JOHN SEILLER

JOLYNN DRAGE

Fee: 48.00

Ex-Officio Recorder Deputy

Index to: COVENANTS & RESTRICTIONS

DKS

(Reserve space above line for Recorder's use only.)

SECOND AMENDMENT TO CONDOMINIUM DECLARATION  
FOR  
HILLCREST CONDOMINIUMS

This Second Amendment to Condominium Declaration for Hillcrest Condominiums (the "Second Amendment") is made effective the date of recording this Second Amendment in the real property records of Blaine County, Idaho. The Second Amendment is made to amend and/or replace only those portions of the Condominium Declaration for Hillcrest Condominiums (the "Declaration") and any other amendment to the Declaration named below, only as specifically stated in this Second Amendment.

1. The Declaration was recorded in the real property records of Blaine County, Idaho, on April 30, 1986, as Instrument No. 272594 and has been amended as follows:
  - a. First Amendment to Condominium Declaration for Hillcrest Condominiums, recorded April 27, 2004, as Instrument No. 502477 (the "First Amendment");
  - b. Declaration Pursuant to Idaho Code § 5-210, recorded April 27, 2004, as Instrument No. 502477;
2. All the terms used and defined in the Declaration or First Amendment shall have the same meanings as in this Second Amendment.
3. Pursuant to Idaho Code § 55-1506, the current Articles of Incorporation and the Bylaws, including amendments, if any, of the Management Body are attached to this Second Amendment as Exhibits A1 and A2, respectively.
4. The Hillcrest Plat (the "Plat") was recorded in the real property records of Blaine County, Idaho, on April 30, 1986, as Instrument No. 272595. Exhibit B to the Declaration specified the undivided ownership interest appurtenant to each Unit in the Common Area. This was based on the square footages of each Unit and the ratio of each Unit to the square footages of all the Units added together. Those square footages are also specified in Exhibit B. The

SECOND AMENDMENT TO CONDOMINIUM DECLARATION FOR HILLCREST  
CONDOMINIUMS/Page 1 of 3

Hillcrest Plat, Amended (the "Amended Plat") was recorded in the real property records of Blaine County, Idaho, on April 5, 2000, as Instrument No. 437942. The Amended Plat delineated and described new additions to each Unit. Correspondingly, the Amended Plat changed the square footages of each Unit. As a result, the ratio that the square footage of each Unit bore to every other Unit changed, which also changed the amount of Common Area appurtenant to each Unit. Exhibit B to the Declaration is revoked and completely replaced by Exhibit B attached to this Second Amendment.

5. Article IV of the Declaration shall be revoked and completely replaced, as follows:

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, replace and decorate (collectively "maintain") the interior surfaces of the walls, ceilings, floors, windows, and doors forming the boundaries of that Owner's Unit and all walls, ceilings, floors and doors within such boundaries. Additionally, each Owner shall have the right, without reimbursement, to maintain the Limited Common Area associated with each Unit, including, without limitation, any first or second floor patio or deck (regardless of the material or location on the front, side or rear of a unit) and/or garage associated with that Owner's Unit. In order to change the physical, exterior appearance of the Limited Common Area associated with an Owner's Unit, including without limitation the colors or materials comprising the Limited Common Area, the Owner must seek in writing and obtain the advance, written approval of the Management Body. The Management Body may review any proposed changes to the physical/exterior appearance of the Limited Common Area based on the compatibility of the proposed changes to the existing physical/exterior appearance of all the Common Area. In order to change the size of the Limited Common Area associated with that Owner's Unit, the Owner must seek in writing and obtain the advance, written approval of all other Owners.

6. This Second Amendment shall bind all real property described in the Amended Plat.

7. All other provisions of the Declaration, the First Amendment and any amendments to either that are not amended by or inconsistent with these provisions remain unmodified and in full force and effect.

8. By signing below, the President of the Management Body represents that pursuant to Article XI of the Declaration that this Second Amendment is approved with the vote or written consent of at least sixty percent (60%) of the total number of votes of the Management Body.



MWR1/p

RECEIVED  
SEC. OF STATE

36 MAY 19 57 2 43

ARTICLES OF INCORPORATION  
OF  
HILLCREST OWNERS ASSOCIATION, INC.

I.

The name of this corporation is HILLCREST OWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association").

II.

A. This corporation is a nonprofit corporation organized under the Idaho Nonprofit Corporation Act. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

B. The specific and primary purposes for which the Association is formed are to be a management association and to provide for the acquisition, construction, management, maintenance and care of real and personal property held by the Association or commonly held by the members of the Association or located in the development and owned by members of the Association, and otherwise to act and be operated as a "homeowners association" as defined in Section 528 of the Internal Revenue Code of 1954, as amended.

C. Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

III.

No part of the net earnings of the Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of property held by the Association, commonly held by the members of the Association or located in the development and owned by members of the Association, and other than by a rebate of excess membership dues, fees or assessments) to the benefit of any private member or individual.

IV.

The period of duration is perpetual.

V.

The name and street address in the State of Idaho of this corporation's initial agent for service of process is:

Marc E. Reinemann

319 Skyway Drive  
Ketchum, Idaho 83340

VI.

The number of directors constituting the initial board of directors shall be at least three (3) directors. The names and street addresses of the directors are:

Marc E. Reinemann

319 Skyway Drive  
Ketchum, Idaho 83340

Grace A. Reinemann

319 Syway Drive  
Ketchum, Idaho 83340

Mark W. Russell

504 Mesquite Lane  
Hulen Meadows  
Ketchum, Idaho 83340

VII.

The name and street address of the incorporator is:

Marchris Development Company,  
an Idaho corporation

319 Skyway Drive  
Ketchum, Idaho 83340

VIII.

These Articles of Incorporation may be amended as provided in the Bylaws of the Association.

DATED: MAY 15, 1986.

MARCHRIS DEVELOPMENT COMPANY,  
an Idaho corporation

BY Marc E. Reinemann  
Its President

BY Grace A. Reinemann  
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, Max E. [unclear] and Gene A. [unclear] 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 6<sup>th</sup> day of May, 1986.

(seal)

[Signature]  
NOTARY PUBLIC for Idaho  
Residing at [unclear]  
Commission Expires 02/23/88

## EXHIBIT A2

NWR1/p

6/30/04

BYLAWS  
OF  
HILLCREST OWNERS ASSOCIATION

1. NAME AND LOCATION

The name of the association is HILLCREST OWNERS ASSOCIATION (hereinafter referred to as the "Association"). The Association is organized under the Idaho Nonprofit Corporation Act. The principal office of the Association shall be located in the County of Blaine, State of Idaho (hereinafter referred to as "the County").

2. DEFINITIONS

2.1 Declaration. The "Declaration" shall mean, collectively, the Declaration of Covenants, Conditions and Restrictions and any amendments or supplements recorded or to be recorded pursuant thereto, and applicable to the development commonly known and referred to as HILLCREST CONDOMINIUMS located in the County of Blaine, State of Idaho, legally described as:

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.

2.2 Other Definitions. Each and every definition set forth in the Declaration shall have the same meaning herein as therein, and each and every such definition is incorporated by reference herein and made a part hereof as if once again fully written and set forth at length hereat.

3. MEMBERSHIP; VOTING RIGHTS

The qualification for membership and voting rights of members shall be as set forth in Article VII of the Declaration, all of which are hereby incorporated by reference herein as if set forth in full.

#### 4. MEETINGS OF MEMBERS

4.1 Annual Meetings. The organizational meeting and the first annual meeting of the members shall be held as determined by resolution of the Board of Directors. Thereafter, annual meetings of members of the Association shall be held in each succeeding year within one week before or after the anniversary date of said first annual meeting on a day to be determined by the Board, which day shall not be a legal holiday.

4.2 Special Meetings. Special meetings of the members may be called at any time by the president or by a majority of a quorum of the Board, and shall be called by the Board upon receipt of a written request of the members representing at least thirty percent (30%) of the total voting power of the Association.

4.3 Notice of Meetings. Notice of all members meetings, annual or special, shall be given by mail and shall be given not less than ten (10) days nor more than sixty (60) days prior to the time of said meeting and shall set forth the place of the meeting which must be within the County, the date and hour of the meeting, and the nature of the business to be undertaken. Notices shall be given by, or at the direction of, the secretary or person authorized to call the meeting, and shall be transmitted to each member entitled to vote thereat and to each mortgagee addressed to such member's or mortgagee's address last appearing on the books of the Association, or supplied by such member or mortgagee to the Association for the purpose of notice. Mailed notices shall be deemed received forty-eight (48) hours after same are mailed by certified mail. Return receipt requested. Notices to members may also be personally delivered, and shall be deemed received upon delivery to any occupant of the member's residence.

4.4 Quorum. The presence at any meeting in person or by proxy of members entitled to cast at least sixty percent (60%) of the total votes of all members of the Association, shall constitute a quorum. If any meeting cannot be held because a quorum is not present, members representing a majority of the votes present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which adjourned meeting the quorum requirement shall be at least thirty percent (30%) of said total votes. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place for the adjourned meeting shall be given to members in the manner prescribed for regular meetings. Any meeting of members whereat a quorum is present may be adjourned for any reason to a time not less than forty-eight (48) hours nor more than



thirty (30) days from the time of such meeting by members representing a majority of the votes present thereat, either in person or by proxy.

4.5 Proxies. At all meetings of members each member may be present in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease when the ownership interest or interests of such member entitling him to membership in the Association ceases.

4.6 Order of Business. The order of business of all meetings of the members shall be as follows:

- 4.6.1 roll call;
- 4.6.2 proof of notice of meeting or waiver of notice;
- 4.6.3 reading of minutes of preceding meeting;
- 4.6.4 reports of Board and officers;
- 4.6.5 election of directors, if any are to be elected;
- 4.6.6 unfinished business; and
- 4.6.7 new business.

4.7 Parliamentary Procedure. All questions of parliamentary procedure shall be decided in accordance with Roberts Rules of Order.

4.8 Majority of Owners. Except as otherwise provided herein or in the Declaration, the majority of the total voting power present, in person or by proxy, shall prevail at all meetings.

4.9 Action Without Meeting. Any action which may be taken at a meeting of the members may be taken without a meeting if done in compliance with the Idaho corporation laws.

## 5. SELECTION AND TERM OF OFFICE OF BOARD

5.1 Number. The Board shall consist of at least three (3) directors. The number of directors may be determined and changed by resolution of the Board of Directors. A majority of directors shall be members.

5.2 Term of Office. At the first annual meeting the members shall elect each of the directors for a term of one (1)

year. At the expiration of the initial term of office of each director, his successor shall be elected to serve for a term of one (1) year.

5.3 Removal; Vacancies. At any regular or special meeting of the members, any member of the Board of Directors may be removed with or without cause by sixty percent (60%) of the voting power present. Any member of the Board of Directors after his removal has been proposed by the Owners shall be given the opportunity to be heard at the meeting. In the event of the death or resignation of a director, except for specially elected directors, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. In the case of a removed director, his successor shall be elected by the members pursuant to Section 6 hereinafter.

5.4 Compensation. No director shall receive any monetary compensation for any service he may render to the Association; provided, however, any director may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

## 6. NOMINATION AND ELECTION OF DIRECTORS

6.1 Nomination. Nomination for election to the Board shall be made by a nominating committee consisting of three (3) persons. Nominations may also be made from the floor at each annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two (2) other persons who may either be members of the Association or representatives of Declarant. Each member of the nominating committee shall be appointed by the Board to serve for a period of one year, and vacancies thereon shall be filled by the Board. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies to be filled.

6.2 Election. Election to the Board shall be by secret written ballot. At such election, the members, or their proxies, may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of the Declaration. The candidates receiving the highest number of votes shall be deemed elected.

## 7. MEETINGS OF DIRECTORS

7.1 Regular Meetings. Regular meetings of the Board shall be held quarterly at such time and place within the County as may be fixed from time to time by resolution of the Board. Should any such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of

any such meeting shall be posted at a prominent place or places within the common area, and shall be given to each director not less than four (4) days prior to the meeting; provided, however, that no notice need be given to a director who signs a waiver of notice or written consent to the holding of the meeting.

**7.2 Special Meetings.** Special meetings of the Board shall be held when called by the president of the Association, or by two (2) directors, after not less than three (3) days prior notice to each director, which notice shall specify the time and place of the meeting within the development and the nature of any special business to be considered. The notice shall be posted and given in the manner prescribed for notice of regular meetings.

**7.3 Quorum.** A majority of the number of directors shall constitute a quorum for the transaction of business at a meeting of the Board. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**7.4 Conduct of Meetings.** Regular and special meetings of the Board shall be open to all members of the Association; provided, however, that Association members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a majority of a quorum of the members of the Board, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar or otherwise sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

**7.5 Action Taken Without a Meeting.** The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the Board. An explanation of any action so approved shall be given to the Association members by posting at a prominent place(s) within the common area within three (3) days of the obtaining of all directors' written approvals;

## **8. POWERS AND DUTIES OF THE BOARD**

**8.1 Powers.** The Board shall have all powers conferred upon the Association as set forth herein and in the Declaration, excepting only those powers expressly reserved to the members.

**8.2 Duties.** It shall be the duty of the Board:

8.2.1 to cause to be kept a complete record of all of its acts and doings and to present a statement thereof to the members at each annual meeting of the members, or at any special meeting when such statement is requested in writing by members representing one-tenth (1/10) of the members;

8.2.2 to supervise all officers, agents and employees of the Association, and to see that their duties are properly performed; and

8.2.3 to delegate its powers as provided in the Declaration.

**9. OFFICERS AND THEIR DUTIES**

9.1 Enumeration of Offices. The officers of the Association shall be a president and vice president, who shall at all times be members of the Board, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

9.2 Election of Officers. The election of officers shall take place at the organizational meeting of the Board and thereafter at each meeting of the Board following each annual meeting of the members.

9.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or shall otherwise be or become disqualified to serve.

9.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

9.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies. The office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.7 Multiple Offices. The offices of the secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 9.4 hereof.

9.8 Duties. The duties of the officers shall be as follows:

9.8.1 President. The president shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.

9.8.2 Vice President. The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

9.8.3 Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members, shall serve notices of meetings of the Board and of the members, shall keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

9.8.4 Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board, shall co-sign all checks and promissory notes of the Association, shall keep proper books of account, and shall assist in or cause the preparation and distribution of the financial statements of the Association.

9.9 Compensation. No officer shall receive any monetary compensation for any service he may render to the Association; provided, however, any officer may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

## 10. COMMITTEES

Subject to any contrary provisions of the Declaration and these Bylaws, if any, the Board may appoint a nominating committee as provided in these Bylaws. In addition, the Board may appoint such other committees as it deems appropriate in order to carry out its purpose.

## 11. ASSESSMENTS

Liability for Assessments; Collection. As more fully provided in Article IX of the Declaration, each member is obliged to pay to the Association annual and special assessments to be collected as therein set forth, all of which are hereby incorporated by reference herein as if set forth in full.

## 12. PROCEDURE FOR SUSPENSIONS OF FINES

Any action by the Association to discipline a member as provided by the Declaration for his failure to comply with the Declaration, Articles, Bylaws or Association Rules, must be accomplished pursuant to the following procedures:

12.1 The member shall be given fifteen (15) days prior notice of the discipline to be imposed and the reasons therefor. The notice shall be given personally or by certified mail;

12.2 The member shall be given an opportunity to be heard, orally or in writing, by the Board, not less than five (5) days before the date the discipline is to be imposed.

## 13. AMENDMENTS

13.1 These Bylaws may be amended only with the vote or written consent of members entitled to cast at least sixty percent (60%) of the voting power of membership in the Association.

13.2 Amendment of the Articles of Incorporation shall require (i) the vote or written consent of a majority of the Board, and (ii) the vote or written consent of the members representing at least sixty percent (60%) of members entitled to vote.

## 14. GENERAL PROVISIONS

14.1 Conflicting Provisions. In the case of any conflict between any provisions of the Declaration and these Bylaws, the conflicting provisions of the Declaration shall control.

14.2 Fiscal Year. The fiscal year of the Association shall end June 30 unless and until a different fiscal year is adopted by the members at a duly constituted meeting thereof.

14.3 Proof of Membership. No person shall exercise the rights of membership in the Association until satisfactory proof thereof has been furnished to the secretary. Such proof may consist of either a copy of a duly executed and acknowledged grant deed or title insurance policy showing said person to be the owner of an interest in a condominium entitling him to membership. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

14.4 Absentee Ballots. The Board may make such provisions as it may consider necessary or desirable for absentee ballots.

14.5 Consent to Waiver of Notice. The transactions at any meeting of the Board, however noticed, shall be as valid as though had at a meeting duly held after regular notice of a quorum be present and either before or after the meeting each director not present thereat signs a written waiver of notice or a consent to the holding of such meeting or an approval of the true and correct minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Board and made a part of its minutes.

14.6 Reserves. Any amounts collected by or paid to the Association in excess of operational needs shall be set aside as reserves for future financial needs in the manner set forth in the Declaration and shall be deposited into insured interest-bearing accounts.

#### CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, secretary of HILLCREST OWNERS ASSOCIATION, an Idaho nonprofit corporation, does hereby certify that the above and foregoing Bylaws were duly adopted by the Board of Directors of said Association on April 29 1986, and that they now constitute said Bylaws.

Secretary

EXHIBIT B

HILLCREST OWNERS ASSOCIATION, INC.

Common Area Ownership Interests and Voting Right Calculation

	Unit A	Unit B	Unit C	
Old Unit Square Footage Including Garage	3633	3737	3294	
Old Unit Square Footage Excluding Garage	(3,103)	(3,177)	(2,814)	
Garage Square Footage	<u>560</u>	<u>560</u>	<u>480</u>	
New Unit Square Footage	3888	3869	3497	
Less Garage Square Footage	<u>(560)</u>	<u>(560)</u>	<u>(480)</u>	
New Unit Square Footage	3328	3309	3012	9649
divided by				
Total New Unit Square Footage	<u>+ 9649</u>	<u>+ 9649</u>	<u>+ 9649</u>	
Percent Vote and Ownership Interest	34.49% +	34.29% +	31.22% =	100%