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AND WHEN RECORDED MAIL TO:

Kneeland, Korb,  
Collier & Benjamin  
P. O. Box 249  
Ketchum, Idaho 83340

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REPLACEMENT MASTER DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS OF  
ELKHORN AT SUN VALLEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley was recorded March 24, 1972, as Instrument No. 142929, records of Blaine County, Idaho; and

WHEREAS, said Master Declaration was amended, as follows:

(a) First Amendment to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded January 4, 1982, as Instrument No. 222563, records of Blaine County, Idaho;

(b) Amendments to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded February 1, 1985, as Instrument No. 260224, records of Blaine County, Idaho;

(c) Amendments to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded August 14, 1985, as Instrument No. 265478, records of Blaine County, Idaho;

(d) Amendments to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded February 6, 1986, as Instrument No. 270293, records of Blaine County, Idaho; and

(e) Amendments to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded March 9, 1987, as Instrument No. 282570, records of Blaine County, Idaho; and

WHEREAS, Sun Valley Elkhorn Association, Inc., the management body of Elkhorn at Sun Valley, has compiled a Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley that is comprised of the original Master Declaration with exhibits and includes and incorporates all the amendments recorded previously hereto.

NOW, THEREFORE, the Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, with exhibits and all previous amendments of record are hereby replaced in their entirety and superseded by the Replacement Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley appended hereto.

DATED this 28<sup>th</sup> day of February, 1987.

SUN VALLEY ELKHORN ASSOCIATION, INC.

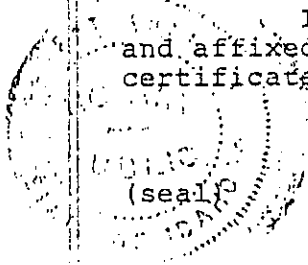
By *Thomas N. Tripp*  
Thomas N. Tripp, its president

By *Gary Kinder*  
Gary Kinder, its secretary

STATE OF IDAHO )  
                  ) ss.  
County of Blaine )

On this 28<sup>th</sup> day of February, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS N. TRIPP, known to me to be the President of SUN VALLEY ELKHORN ASSOCIATION, INC., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

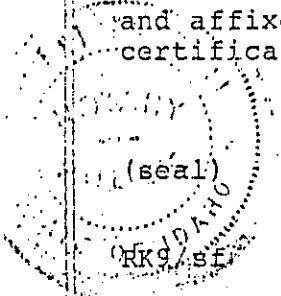


*Robert Korb*  
NOTARY PUBLIC for Idaho  
Residing at Ketchum  
Commission Expires Lifetime

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 28<sup>th</sup> day of February, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared GARY KINDER, known to me to be the secretary of SUN VALLEY ELKHORN ASSOCIATION, INC., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Robert Korhonen  
NOTARY PUBLIC for Idaho  
Residing at Ketchikan  
Commission Expires Lifetime

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SUN VALLEY ELKHORN ASSOCIATION

MASTER DECLARATION AS AMENDED DECEMBER 30, 1986

MASTER DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
ELKHORN AT SUN VALLEY

THIS MASTER DECLARATION is made this 22 day of March, 1972, by ELKHORN AT SUN VALLEY, an Idaho joint venture (herein "Grantor").

R E C I T A L S:

A. Grantor is the owner of certain real property in the County of Blaine, State of Idaho, a portion of which is more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof, which described real property is hereinafter referred to as "Elkhorn."

B. Elkhorn is an area of much natural beauty, including distinctive terrain features and pastoral areas; and it is the desire and intent of the Grantor to create a planned development community, primarily for residential use, in which such natural beauty shall be substantially preserved and, for the enjoyment and convenience of the persons living in such community, enhanced by the installation and operation of recreational and limited commercial facilities. The covenants, conditions and restrictions established by this Master Declaration are intended to secure such objectives.

D E C L A R A T I O N

NOW, THEREFORE, Grantor hereby declares that Elkhorn is and shall be held, conveyed, encumbered, leased and used subject to the following uniform covenants, conditions, restrictions and equitable servitudes in furtherance of a plan for the subdivision, improvement and sale of Elkhorn, and to enhance the value, desirability and attractiveness of such property. The restrictions set forth herein shall run with the real property included within Elkhorn; shall be binding upon all persons having or acquiring any interest in such real property or any part thereof; shall inure to the benefit of every portion of such real property and shall inure to the benefit of and be binding upon Grantor, its successor in interest, and may be enforced by Grantor, by any Owner or his successors in interest, or by the Master Association.

These Restrictions shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by any Owner (including Grantor) upon property owned within Elkhorn, provided that when completed such Improvements will in all ways conform to these Restrictions. Specifically, no such construction activities shall be deemed to constitute a nuisance or violation of these Restrictions by reason of noise, dust, presence of vehicles or construction machinery, erection of temporary structures, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In event of any dispute, a temporary waiver of the applicable provision, including but not limited to any provision prohibiting temporary structures, may be granted by the Architectural Committee, provided that such waiver shall be only for the reasonable period of such construction. Such waiver may, but need not, be recorded or in recordable form.

Further, the Elkhorn Restrictions shall not be construed as to prevent or limit Grantor's right to maintain model homes, construction, sales or leasing offices or similar facilities on any property in Elkhorn owned by Grantor or on property the Owner of which consents to such use, nor Grantor's right to post signs incidental to the construction, sales or leasing.

## ARTICLE I

### DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in the Elkhorn Restrictions shall have the meaning hereinafter specified.

ARCHITECTURAL DESIGN COMMITTEE shall mean the committee created pursuant to Article VIII hereof.

ARCHITECTURAL DESIGN COMMITTEE RULES shall mean the rules adopted by the Committee pursuant to Section 8.02 hereof.

ARTICLES shall mean the Articles of Incorporation of the Master Association which have been filed in the office of the Secretary of State of the State of Idaho, a true copy of which is attached hereto, marked Exhibit "C" and incorporated herein by this reference.

ASSESSMENTS shall mean assessments of the Master Association and includes both regular and special assessments.

ASSOCIATION PROPERTY shall mean all real and personal property now or hereafter owned by or leased to the Master Association, except property title to which is held by the Master Association pursuant to Section 6.04L hereof.

BENEFICIARY shall mean a mortgagee under a mortgage or a beneficiary or holder under a deed of trust, as the case may be, and/or the assignees of such mortgagee, beneficiary or holder.

BOARD shall mean the Board of Directors of the Master Association.

BYLAWS shall mean the Bylaws of the Master Association which have been or shall be adopted by the Board substantially in the form of Exhibit "D" attached hereto and incorporated herein by this reference, as such Bylaws may be amended from time to time.

COMMERCIAL AREA shall mean all of the real property so classified in accordance with Section 2.02 hereof.

COMMERCIAL SITE shall mean any Lot or Condominium, or any unit of either, together with the Improvements, if any, thereon, located in a Commercial or Residential/Commercial Area and designated for Commercial Use.

COMMERCIAL USE shall mean any activity involving the offering of goods or services.

COMMON AREA shall mean any portion of Elkhorn designated as a Common Area for the primary benefit of the Owners of Lots within a particular tract, or the Owners of Condominiums within a Condominium Project, to be owned in common by such Owners or by a nonprofit corporation or unincorporated association in which all such Owners shall be entitled to membership.

COMPLETION shall mean the happening of either of the following, whichever first occurs:

1. Two (2) years after the date all of the property described in Exhibit "B" has been annexed to Elkhorn, or
2. December 31, 1981.

CONDOMINIUM shall mean a Condominium as defined in Section 55-101B of the Idaho Code, i.e. an estate consisting of (i) an undivided interest in common in real estate, and an interest or interests in real property, or in any combination thereof, together with (ii) a separate interest in real property, and an interest or interests in real property, or in any combination thereof.

CONDOMINIUM PROJECT shall mean a project as defined in Section 55-1503 (b) of the Condominium Act of the State of Idaho, i.e. the entirety of an area divided or to be divided into Condominiums.

DEED OF TRUST shall mean a mortgage or a deed of trust, as the case may be.

ELKHORN shall mean all that certain real property identified and described in Exhibit "A" to this Master Declaration, as the same is now and as it may from time to time be developed and improved, together with such portion of the real property located in the County of Blaine, State of Idaho, and described in Exhibit "B," upon which a Supplemental Declaration and making such real property subject hereto, as provided in Section 2.03 hereof.

ELKHORN AREA shall mean all of the real property so classified in accordance with Section 2.02 hereof.

ELKHORN MAINTENANCE FUND shall mean the fund created for the receipts and disbursements of the Master Association, pursuant to Section 9.01 hereof.

ELKHORN RESTRICTIONS shall mean this Master Declaration, together with any and all Supplemental Declarations which may be recorded by Grantor or its successors pursuant to Section 2.02 hereof, as said documents may be amended from time to time, and the Elkhorn Rules from time to time in effect.

ELKHORN RULES shall mean the rules adopted by the Board pursuant to Section 6.06 hereof, as they may be amended from time to time.

GRANTOR shall mean Elkhorn at Sun Valley, an Idaho joint venture comprised of Johns-Manville Idaho, Inc., an Idaho Corporation, and Dollar Mountain Company, Inc., an Idaho Corporation, provided, however, that the taking of any action reserved to or the right to which is held by the Grantor under this Agreement, including the delegation of authority to an agent of Grantor to take such action, shall require the prior written approval of both Johns-Manville Idaho, Inc., and Dollar Mountain Company, Inc.

IMPROVEMENT shall mean all structures and appurtenances thereto of every type and kind, including but not limited to buildings, outbuildings, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning, solar equipment, antennas, satellite dishes, pools, recreational structures and fencing, light fixtures or structures, berms, enclosures, play structures, water softener fixtures or equipment.

LOT shall mean a portion of Elkhorn which is a legally described parcel of real property or is designated as a Lot on any recorded subdivision plat, whether or not improved, and may refer to any of the following: Residential Lot, Ranch Site or Commercial Site. Lot shall not include any Common Area, Recreational Area or Open Space Area.

MANAGER shall mean the person, firm or corporation employed by the Master Association pursuant to and limited by Article VI, Section 6.05 E, and delegated the duties, powers or functions of the Association pursuant to said Section.

MASTER ASSOCIATION (hereinafter sometimes "Association") shall mean the Sun Valley Elkhorn Association, Inc., the nonprofit Idaho corporation described in Article VI hereof, its successors and assigns.

MASTER DECLARATION (hereinafter sometimes "Declaration") shall mean this instrument as it may be amended from time to time.

MEMBER shall mean any person who is a member of the Master Association pursuant to Section 6.02 hereof.

MORTGAGE shall mean any mortgage or deed of trust or other conveyance of a Lot or other portion of Elkhorn to secure the performance of an obligation, which will be void and reconveyed upon the completion of such performance.

NOTICE AND HEARING shall mean no less than seven (7) days written notice and a public hearing before the Board or its duly designated committee at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense.

OPEN SPACE AREA shall mean all of the real property so classified in accordance with Section 2.02 hereof.

OWNER shall mean (1) the person or persons or other legal entity or entities, including Grantor, holding an aggregate fee simple interest in a Lot or Condominium, or, as the case may be, (2) the purchaser of a Lot or Condominium under an executory contract of sale. For the purposes of Article IV only, unless the context otherwise requires, Owner shall also include the family, invitees, licensees and lessees of any Owner.

PERSON shall mean a natural individual or any other entity with the legal right to hold title to real property.

RANCH SITE shall mean a Lot located within a Residential Area and designated in the Supplemental Declaration recorded in connection therewith as a Ranch Site, together with the Improvements, if any, thereon.

RECORD, RECORDED AND RECORDATION shall mean, with respect to any document, the recordation of such document in the office of the County Recorder of the County of Blaine, State of Idaho (which may also be referred to herein as file or filed).

RECREATIONAL AREA shall mean all of the real property so classified in accordance with Section 2.02 hereof.

RESIDENTIAL/COMMERCIAL AREA shall mean all of the real property so classified in accordance with Section 2.02 thereof.

RESIDENTIAL LOT shall mean a Lot located within a Residential Area and intended for improvement with a single residence, together with the Improvements, if any, thereon.

SUBASSOCIATION (S) shall mean any not-for-profit Idaho corporation or unincorporated association or the successors of any of them, organized and established by Grantor or its successors or by any Owner or group of Owners pursuant to or in connection with a Supplemental Declaration recorded by Grantor.

SUBDIVISION shall mean a parcel of real property which has been divided or separated into Lots, shown on a recorded Subdivision Plat.

SUPPLEMENTAL DECLARATION shall mean any declaration of covenants, conditions and restrictions which may be recorded by Grantor or its successors pursuant to Sections 2.01 and 2.02 of this Master Declaration.

TRACT shall mean any area of Elkhorn developed as an increment. A Tract may consist of a Subdivision, or one or more Lots, whether or not shown as such on any Subdivision plat.

## ARTICLE II

### DEVELOPMENT OF ELKHORN: LAND CLASSIFICATION: ANNEXATION

SECTION 2.01 Subdivision and Development by Grantor. Grantor intends to divide some or all of Elkhorn and the property described in Exhibit "B" hereto and by this reference made a part hereof into several areas, to develop some or all of said areas and, at Grantor's option to dedicate some of said areas for recreational, open space, or other purposes for the benefit of the developed areas, in accordance with a master plan for the use of such property. It is contemplated that said area will be developed pursuant to such master plan, as it may from time to time be amended or modified, as a unified planned development community in which the development of, and restrictions upon, each portion thereof will benefit each other portion and the whole thereof. As each area is developed or dedicated, Grantor intends, with respect thereto, to record one or more Supplemental Declarations which will incorporate the Master Declaration therein by reference, which shall designate the use classification of that area pursuant to Section 2.02 and which may supplement the Master Declaration with additional covenants, conditions, and restrictions as Grantor may deem appropriate for the area. Thereafter, Grantor intends to lease or to sell and convey Lots (or Condominiums in the event such area is developed as a Condominium Project) in each area so developed, subject to both the Master Declaration and the Supplemental Declaration, if any, for that area.



SECTION 2.02 Land Classifications. All real property within Elkhorn shall be designated by Grantor as having one or more of the following use classifications:

- A. Residential Area (s)
- B. Commercial Area (s)
- C. Residential/Commercial Area (s)
- D. Recreational Area (s)
- E. Open Space Area (s)
- F. Elkhorn Area (s)

As the classification for each area of Elkhorn is designated, the use classification thereof, including any number of subclassifications for any specialized uses, shall (subject to the prior approval of any governmental agencies having jurisdiction thereof) be fixed by Grantor, in its sole and absolute discretion, in a Supplemental Declaration which shall be recorded for that area. Such Supplemental Declaration may, but need not, provide for the establishment of a Subassociation to be comprised of Owners of Lots or Condominiums within the area subject thereto.

SECTION 2.03 Annexation. Grantor may at any time or from time to time during a period of ten (10) years from the date hereof, add to the property which is covered by this Declaration all or any portion of the land then owned by Grantor located in the County of Blaine and described in Exhibit "B" hereto, provided, however, that if a final subdivision public report for a portion of Elkhorn has been issued by the California Development of Real Estate, and if, in addition, more than three (3) years have elapsed since the issuance of the most recent such report as of the date such property is to be annexed, such annexation shall further require the vote of at least two-thirds (2/3) of the Owners, excluding Grantor, of Lots, and/or Condominiums within Elkhorn.

Upon the recording of a notice of addition of territory containing the provisions set forth herein (which notice may be contained within the Supplemental Declaration affecting such property), the covenants, conditions and restrictions contained in this Declaration shall apply to the added land in the same manner as if it were originally covered by this Declaration and originally constituted a portion of Elkhorn; and thereafter the rights, privileges, duties and liabilities of the parties to this Declaration with respect to the added land shall be the same as with respect to the original land and the rights, privileges, duties and liabilities of the Owners, lessees and occupants of Lots and Condominiums within the added land shall be the same as in the case of the original land. Notwithstanding the foregoing, any Supplemental Declaration may provide a special procedure for the amendment of any specified provisions thereof, e.g. by a specified vote of only the Owners of Lots or Condominiums within the area subject thereto. Any provision of a Supplemental Declaration for which no such special amendment procedure is provided shall be subject to amendment in the manner provided in Section 10.02 hereof.

A portion of the property described in Exhibit "B" is not presently owned by Grantor. Any portion of said property may be annexed to Elkhorn by Grantor in the manner provided herein as though it had been owned by Grantor at the time of the execution of this Declaration.

The notice of additional territory referred to herein shall contain the following provisions:

- A. A reference to this Declaration, which reference shall state the date of recordation hereof and the book or books of the records of Blaine County, Idaho, and the page numbers where this Declaration is recorded;

B. A statement that the provisions of this Declaration shall apply to the added land as set forth herein; and

C. An exact description of the added land.

### ARTICLE III

#### GENERAL RESTRICTIONS

All real property within Elkhorn shall be held, used and enjoyed subject to the following limitations and restrictions:

SECTION 3.01 Antennas. No exterior Radio or Television Antenna shall be erected or maintained in Elkhorn, without prior review and approval by the Design Committee.

SECTION 3.02 Insurance Rates. Nothing shall be done or kept in Elkhorn which will increase the rate of insurance on any Association Property without the approval of the Board, nor shall anything be done or kept in Elkhorn which would result in the cancellation of insurance on any Association Property or which would be in violation of any law.

SECTION 3.03 No Further Subdividing. No Lot, Common Area or Condominium may be further subdivided, nor may any easement or other interest therein less than the whole be conveyed by the Owner thereof (including any Subassociation) without the prior written approval of the Design Committee; provided, however, that nothing herein shall be deemed to prevent or require the approval of the Design Committee for (1) the sale of Condominiums in any Condominium Project in compliance with the Condominium Property Act of Idaho; or (2) the transfer or sale of any Lot or Condominium to more than one person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property.

SECTION 3.04 Signs. No sign of any kind shall be displayed to the public view without the approval of the Design Committee. Any "for sale" or "for lease" signs not more than 18" by two (2) feet, shall not require Committee approval. Design standards and restrictions of signs may be set by the Design Committee from time to time.

SECTION 3.05 Animals. No animals of any kind shall be raised, bred or kept, except that dogs, cats and other reasonable household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, and provided further that on any Lot of at least 3/4 acre designated as a Ranch Site, one horse for each 1/2 acre in excess of 3/4 acre up to a maximum of four (4) horses may be kept on each such Lot, all subject to any further restrictions contained in any Supplemental Declaration affecting such Lot and such rules and limitations as may be set forth in the Elkhorn Rules.

SECTION 3.06 Nuisances. No rubbish, waste or debris of any kind shall be placed or permitted to accumulate upon any property within Elkhorn and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No noise, including but not limited to, noise created by people, animals, equipment and/or machinery or other nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants.

Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any such property without the prior written approval of the Board, except within the Recreational, Commercial or Residential/Commercial Areas.

SECTION 3.07 Maintenance of Buildings and Landscaping. No Improvement upon any property within Elkhorn shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner (including any Subassociation) thereof. Any maintenance and/or repair of any Improvement shall not alter the appearance, color, etc. of said Improvement without prior review and approval of the Design Committee.

SECTION 3.08 Improvements and Alterations. There shall be no excavation or construction, or alteration which in any way alters the exterior appearance of any Lot or Improvement within Elkhorn, nor removal of any portion of any Lot or Improvement in Elkhorn (other than repairs or rebuilding pursuant to Section 3.07 hereof) without the prior approval of the Architectural Design Committee pursuant to Article VIII hereof.

SECTION 3.09 Violation of Elkhorn Restrictions. There shall be no violation of the Elkhorn Rules once adopted by the Board, nor of any other Elkhorn Restriction. If any Owner, his family, or any licensee, lessee or invitee violates the Elkhorn Restrictions, the Board may impose a special Assessment upon such person of not more than Fifty Dollars (\$50) per day for each violation and/or may suspend the right of such person to use the Association Properties, under such conditions as the Board may specify, for a period not to exceed one year for each violation. Before invoking any such Assessment or suspension, the Board shall give such person Notice and Hearing. Any Assessment imposed hereunder which remains unpaid for a period of ten (10) days or more shall become a lien upon the Owner's Lot or Condominium upon its inclusion in a Notice of Assessment Lien recorded pursuant to Article IX, Section 9.06 hereof.

SECTION 3.10 Drainage. There shall be no interference with the established drainage pattern over any property within Elkhorn unless adequate provision is made for proper drainage and is approved by the Design Committee.

SECTION 3.11 Ski Facilities. No activity shall be undertaken by any person, other than the Board or other persons who have contracted or may contract with the Board on any portion of Elkhorn, which will interfere with or otherwise damage any surface or subsurface structures relating to, connected with or installed for purposes of construction or maintenance of ski facilities, including ski slopes and tows.

SECTION 3.12 No Hazardous Activities. No activities shall be conducted on any property and no Improvements constructed on any property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing no roofs or roof overhangs shall be constructed that are capable of discharging snow or other material into or on areas accessible by the public, no firearms shall be discharged upon any property except in portions of Recreational Areas designated for skeet shooting or rifle or pistol range purposes by the Board and no open fires shall be lighted or permitted on any property except in a

contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace or except such campfires or picnic fires in portions of Open Space or Recreational Areas designated for such use by the Board, except such controlled and attended fires required for clearing or maintenance of land and previously approved in writing by the Board.

SECTION 3.13 Unsightly Articles. No unsightly articles shall be permitted to remain so as to be visible from adjoining property, and any screening, covering, etc., accomplished to meet the requirements of this section shall be done in colors, shades, sizes, etc., which are subdued and unobtrusive. Without limiting the generality of the foregoing, trailers, motor homes, trucks (other than pickups), boats, tractors, vehicles (other than automobiles), campers on or off a vehicle, snowmobiles, snow removal equipment, garden or maintenance equipment, camping and recreational equipment shall be kept at all times, in an enclosed structure or screened from view, except for trailers, mobile homes and campers in actual use by nonresidents for a period not to exceed fourteen days in any thirty day period. All vehicles must be operational and must have current licenses. Refuse, garbage and trash shall be kept at all times in a covered, noiseless container and any such container shall be kept within an enclosed structure or appropriately screened from view. Service areas and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view. No lumber, grass, shrub or tree clippings, compost piles or plant waste, metals, bulk materials, unused building material or refuse or trash or other materials shall be kept, stored or allowed to accumulate on any property except within an enclosed structure or appropriately screened from view. Firewood shall be screened from view or stored in a neat and orderly fashion.

SECTION 3.14 No Temporary Structures. No tent or shack or other temporary building, improvement or structure shall be placed upon any property, except that, subject to the Elkhorn Rules, tents may be used for overnight recreational camping on designated portions of Recreational or Open Space Areas.

SECTION 3.15 No Mining and Drilling. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel or earth, except that the Master Association may, by appropriate permit, grant, license or easement, allow the drilling of wells for the extraction of water.

SECTION 3.16 Vehicles. The use of all vehicles, including but not limited to trucks, automobiles, bicycles, motorcycles and snowmobiles, shall be subject to the Elkhorn Rules, which may prohibit or limit the use thereof within Elkhorn, provide parking regulations or adopt other rules regulating the same.

#### ARTICLE IV

##### PERMITTED USES AND RESTRICTIONS - RESIDENTIAL AREAS

SECTION 4.01 Residential and Residential Common Areas. All property within a Residential Area (including any Common Areas for the primary benefit of the Owners of Lots or Condominiums in such Residential Area) shall be improved and used solely for residential use. Such Common Areas may be owned in common by the Owners residing in such Residential Area or by a nonprofit corporation or unincorporated association in which all such Owners shall be entitled to membership. The Supplemental Declaration recorded for a Residential Area shall designate such area

to be either a Single-Family Residential Area or a Multi-Family Residential Area, and may further designate such residential use for that area to be unconnected single-family residences, townhouses, Ranch Sites, a planned unit development, or any combination thereof in the case of a Single-Family Residential Area, or one or more apartment houses or Residential Condominium Projects in the case of a Multi-Family Residential area.

SECTION 4.02 Improvements.

A. No Lot in a Single-Family Residential Area shall be improved except by a dwelling or residence structure (hereinafter "residence") designed to accommodate no more than a single family and its servants and occasional guests, plus a garage, fencing and such other Improvements as are necessary or customarily incident to a single-family residence, except that on any such lot designated as a Ranch Site corrals, stables and other outbuildings incidental to residential ranch use, including but not limited to, guest houses, servants' quarters, barns and stables may be erected if permitted by the respective Supplemental Declaration and architecturally approved by the Architectural Design Committee.

B. No Lot in a Multi-Family Residential Area shall be improved except by an apartment house or Residential Condominium Project, except that upon the termination of any Condominium Project, the area subject thereto may be used for any other Condominium Project, an apartment house or for single-family residential purposes, subject to all provisions of the Elkhorn Restrictions.

SECTION 4.03 Residential Use: Rentals. No residence shall be used for any purpose other than single-family residential purposes. No gainful occupation, profession, trade or other nonresidential use shall be conducted in any such Residential Area, provided, however, that nothing in this Declaration shall prevent the rental of property within a Residential Area by the Owner thereof for residential purposes, on either a short- or long-term basis (including overnight rentals), subject to all the provisions of the Elkhorn Restrictions. Such rentals shall be deemed a Residential Use. No residence or any building, garage or structure located in a residential or other noncommercial area shall be used for commercial or other nonresidential storage purposes.

ARTICLE V

PERMITTED USES AND RESTRICTIONS - OTHER AREAS

SECTION 5.01 Commercial Areas. The permitted uses and restrictions for Commercial Areas and the restrictions governing the construction and alteration of Improvements thereon shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations which may be recorded with respect to such Areas. All of such permitted uses and restrictions shall be compatible with the furnishing of goods or services, whether or not for profit, and with the restrictions contained in Article III hereof, and may include (without limitation), stores, restaurants, hospitals, schools, community centers, fire stations, or other such facilities of a public or quasi-public nature, as well as areas for public or private utility use such as pumping stations or maintenance stations for the use of Grantor or others in rendering services to Elkhorn.

SECTION 5.02 Residential/Commercial Areas. The permitted uses and restrictions for Residential/Commercial Areas, and the restrictions governing the construction and alteration of Improvements thereon, shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations which may be recorded with respect to such Areas. All of such permitted uses and restrictions shall be compatible with the use of the area for purposes permitted in Residential Areas and/or purposes permitted in Commercial Areas, and with the restrictions contained in Article III hereof.

SECTION 5.03 Recreational Areas. The permitted uses and restrictions for Recreational Areas, and the restrictions governing the construction and alteration of Improvements thereon, shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations which may be recorded with respect to such Areas. All of such permitted uses and restrictions shall be compatible with the use of such areas for skiing, tennis, golf, swimming, ice skating, camping, bicycling, horse and hiking trails, skeet shooting or pistol or rifle ranges, or other recreational uses, including incidental commercial uses such as but not limited to "pro shops," athletic equipment rental offices, stables and the like. Bridges, streets, highways, ponds or waterways, public or private utilities and restroom facilities may be constructed and maintained on, through, under or across any Recreational Area.

SECTION 5.04 Open Space Areas. The permitted uses and restrictions for Open Space Areas, and the restrictions governing the construction and alteration of Improvements thereon, shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations which may be recorded with respect to such Areas. All of such permitted uses and restrictions shall be compatible with hiking, bicycling, horseback riding, camping, parks and similar recreational uses not requiring that structures be placed or maintained thereon, or such areas may be maintained in a natural, seminatural or landscaped state. However, bridges, streets, highways, ponds or waterways, public or private utilities and restroom facilities may be constructed and maintained on, through, under or across any Open Space Area.

SECTION 5.05 Elkhorn Area. The permitted uses and restrictions for the Elkhorn Area, and the restrictions governing the construction and alteration of Improvements thereon, shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations which may be recorded with respect to such Areas. Portions of the Elkhorn Area may be used for roads, public or private utilities, or for slope maintenance or other uses which provide common benefit for the Owners of Elkhorn. The location of any real property or the possibility that it would be used by certain of the Owners more frequently, or be of more benefit to certain of the Owners, shall not prevent an area from being classified as being part of the Elkhorn Area, provided that no Owners of Elkhorn are excluded therefrom.

## ARTICLE VI

### SUN VALLEY ELKHORN ASSOCIATION, INC.

SECTION 6.01 Organization.

A. Master Association. The Master Association is a nonprofit Idaho Corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Master Declaration. Neither the Articles nor Bylaws, shall, for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration.

B. Subassociations. Nothing in this Master Declaration shall prevent the creation, by provision therefor in Supplemental Declarations, for Subassociations to assess, regulate, maintain or manage the portions of Elkhorn subject to such Supplemental Declaration, or to own or control portions thereof for the common use or benefit of the Owners of Lots or Condominiums in the portion of Elkhorn subject to such Supplemental Declaration.

SECTION 6.02 Membership

A. Qualifications. Each Owner (including Grantor) of a Lot or Condominium, by virtue of being such an Owner and for so long as he is such an Owner, shall be deemed a member of the Master Association.

B. Transfer of Membership. The Master Association membership of each Owner (including Grantor) shall be appurtenant to said Lot or Condominium and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said Lot or Condominium, and then only to the transferee of title to said Lot or Condominium. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said Lot or Condominium shall operate automatically to transfer said membership to the new owner thereof.

SECTION 6.03 Voting.

A. Number of Votes. The Master Association shall have two classes of voting membership.

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

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

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

(2) Two (2) years from the date of the issuance of the most recent Public Report by the California Commissioner of Real Estate for a Tract or Condominium Project within Elkhorn (but only if such a Public Report has ever been issued), otherwise this subparagraph (2) shall not apply, or

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

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

C. Meetings of Owners. There shall be a meeting of the Owners on the 30th day of December of each year at 4:00 o'clock P.M. at Elkhorn, or at such other reasonable place or time (not more than thirty (30) days before or after such date) as may be designated by notice of the Board given to the Owners not less than seven (7) nor more than sixty (60) days prior to the date fixed for said meeting. A special meeting of the Owners may be called at any reasonable time and place by notice of the Board or by the Owners having one-fifth (1/5) of the total votes and delivered to all other Owners not less than fifteen (15) days prior to the date fixed for said meeting. The presence at any meeting, in person or by proxy, of the Owners entitled to vote at least a majority of the total votes shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Owners present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours nor more than (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the Owners entitled to vote at least twenty-five percent (25%) of the total votes. The president of the Association (or the vice president in his absence) shall act as chairman of all meetings of the Owners and the secretary of the Association (or an assistant secretary thereof in his absence) shall act as secretary of all such meetings. Except as otherwise provided herein, any action may be taken at any meeting of the Owners upon the affirmative vote of the Owners having a majority of the total votes present at such meeting in person or by proxy; provided, however, that the members of the Board shall be elected by cumulative voting as provided in Section 6.03D. At each annual meeting, the Board shall present a written statement of the Elkhorn Maintenance Fund, itemizing receipts and disbursements for the preceding calendar year and the allocation thereof to each Owner. Within ten (10) days after the date set for each annual meeting, the assessment statement shall be delivered to the Owners not present at said meeting.

D. Cumulative Voting. In any election of the members of the Board, every Owner (including Grantor) entitled to vote at such an election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that Owner



is entitled in voting upon other matters multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

E. Transfer of Voting Right. The right to vote may not be severed or separated from the ownership of the Lot or Condominium to which it is appurtenant, except that any Owner may give a revocable proxy, or may assign his right to vote for the term of a lease or Deed of Trust, and any sale, transfer or conveyance of such Lot or Condominium to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner, subject to an assignment of the right to vote to a lessee or Beneficiary as provided herein.

#### SECTION 6.04 Duties of the Master Association.

The Master Association shall have the obligation, subject to and in accordance with the Elkhorn Restrictions, to perform each of the following duties for the benefit of the Owners of each Lot and Condominium within Elkhorn:

A. Association Property. To accept and exercise jurisdiction over all property, real and personal, conveyed free and clear of all liens and encumbrances to the Master Association by Grantor, including (1) Elkhorn, Open Space and Recreational Areas, (2) easements for operation and maintenance purposes over any Elkhorn, Open Space or Recreational Areas, and (3) easements for the benefit of Master Association Members within the Elkhorn, Open Space or Recreational Areas.

B. Title to Property upon Dissolution. To convey, upon dissolution of the Master Association, the assets of the Master Association to an appropriate public agency or agencies to be used for purposes similar to those for which the Master Association was created, or to a nonprofit corporation, association, trust or other organization organized and operated for such similar purposes.

C. Operation of Elkhorn Recreational Areas. To operate and maintain, or provide for the operation and maintenance of (1) all Elkhorn, Open Space and Recreational Areas which may be conveyed to it by Grantor, (2) all Elkhorn, Open Space and Recreational Areas within Elkhorn in which it owns easements for operation and maintenance purposes, and (3) all Elkhorn, Open Space and Recreational Areas within Elkhorn in which it owns easements for the benefit of Master Association Members; and to keep all Improvements of whatever kind and for whatever purpose from time to time located thereon in good order and repair.

D. Payment of Taxes. To pay all real property taxes and assessments levied upon any property conveyed, leased or otherwise transferred to the Master Association to the extent not assessed to the Owners thereof. Such taxes and assessments may be contested or compromised by the Master Association; provided, however, that they are paid or a bond insuring the payment is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes.

E. Insurance. To obtain and maintain in force the following policies of insurance:

(1) Fire and extended coverage insurance on all Improvements under the control of the Master Association, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable

value, meaning actual replacement value exclusive of the cost of excavations, foundations and footings. Such insurance shall insure the Association and its mortgagee, as their interests may appear. As to each such policy, which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Manager, the Grantor and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

(2) Bodily injury liability insurance, with limits of not less than \$100,000 per person and \$300,000 per occurrence, and property damage liability insurance with a deductible of not more than the deductible as set by the Board from time to time and a limit of not less than \$50,000 per occurrence, insuring against liability for bodily injury, death and property damage arising from the activities of the Master Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured.

(3) Worker's compensation insurance to the extent necessary to comply with any applicable laws.

(4) A fidelity bond in the penal amount of Twenty-Five Thousand Dollars (\$25,000) or more, naming the members of the Board and the Manager, and such other persons as may be designated by the Board, as principals and the Association as obligee.

(5) Such other insurance, including indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Master Association functions as set forth in the Elkhorn Restrictions, the Articles and the Bylaws.

The liability insurance referred to above shall name as separately protected insureds, the Master Association, the Board, the Design Committee, and their representatives, members and employees, with respect to any liability arising out of the maintenance or use of any Association Property. Every policy of insurance obtained by the Master Association shall contain an express waiver, if available, of any and all rights of subrogation against the Board, the Design Committee, and their representatives, members and employees.

Said fire and liability insurance policies may be blanket policies covering the Association properties and property of Grantor, in which case the Association and Grantor shall each pay their proportionate shares of the premium. With respect to insurance proceeds from the Association Property only, the Association shall be deemed trustee of the interests of all Owners in any insurance proceeds paid to it under any such policies, and shall have full power to receive and to receipt for their interests in such proceeds and to deal therewith.

F. Rule Making. To make, establish, promulgate, amend and repeal the Elkhorn Rules as provided in Section 6.06 hereof.

G. Architectural Design Committee. To appoint and remove members of the Architectural Design Committee as provided in Section 8.02 hereof, and to insure that at all reasonable times there is available a duly constituted and appointed Architectural Design Committee.

H. Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by the Elkhorn Restrictions, as may be reasonably necessary to enforce any of the provisions of the Elkhorn Restrictions and the Architectural Design Committee Rules.

I. Other. To carry out the duties of the Master Association set forth in the Elkhorn Restrictions, the Articles and the Bylaws.

J. Contracts. Neither Grantor nor any agent of Grantor shall enter into any contract which would bind the Master Association or the Board thereof for a period in excess of one (1) year, unless reasonable cancellation provisions are included in such contract.

K. Audit. The Board shall provide for an annual independent audit of the accounts of the Manager and Association and for delivery of a copy of such audit to each Owner within thirty (30) days after completion thereof. Any Owner may at any time and at his own expense cause an audit or inspection to be made of the books and records of the Manager or the Association by a Certified Public Accountant; provided that such audit or inspection is made during normal working hours and without unnecessary interference with the operations of the Manager or the Association.

L. Maintenance of Parking Facilities. To maintain and repair parking facilities, including sidewalks, landscaping, and other incidental amenities thereto, for any Commercial or Residential/Commercial Area, provided that under the provisions of a Supplemental Declaration or separate agreement the persons subject, or party, to such Declaration or Agreement (hereinafter the "Sponsors") have agreed to bear the entire cost of such maintenance and repairs; to maintain liability insurance in amounts deemed appropriate by the Board, covering such parking facilities and the operation thereof, and naming as insured the Master Association and the Sponsors; to adopt an annual budget to cover the cost of such maintenance and repairs, including legal and accounting fees and cost of insurance; to levy and enforce, by lien or otherwise, assessments against such Sponsors in the manner set forth in Article IX hereof (except as such manner may be modified by such Declaration or Agreement); and to accept and hold title to such facilities if the same is tendered to the Master Association.

In no event shall such costs become a charge against the members of the Master Association (other than the Sponsors) or the Association Properties.

SECTION 6.05 Powers and Authority of the Association.

A. Assessments. To levy Assessments on the Owners of Lots and Condominiums within Elkhorn, and to enforce payment of such Assessments in accordance with the provisions of Article IX hereof.

B. Right of Entry and Enforcement. After twenty-four (24) hours written notice, or in an emergency or after Notice and Hearing, to enter, without being liable to any Owner or Subassociation, upon any Lot or Condominium or commercial unit or any property owned or controlled by Subassociation for the purpose of enforcing by peaceful means the Elkhorn Restrictions, or for the purpose of maintaining or repairing any such area if for any reason whatsoever the Owner thereof fails to maintain or repair any such area as required by said Restrictions, and to be reimbursed by the Owner of said Lot, Condominium or Subassociation

property for any and all expenses incurred in maintaining or repairing said Lot, Condominium or Subassociation property including interest on monies expended and attorney's fees. The Master Association shall also have the power and authority from time to time in its own name on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Elkhorn Restrictions and to enforce, by mandatory injunctions or otherwise all of the provisions of said Restrictions.

C. Easements and Rights-of-Way. To grant and convey to any person easements, rights-of-way, parcels or strips of land, in, on, over or under any Association Property for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder, (1) roads, streets, walks, driveways, parkways, and park areas, (2) overhead or underground lines, cables, and wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, telephone and other purposes, (3) sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and (4) any similar public or quasi-public improvements or facilities.

D. Repair and Maintenance of Association Property. To paint, maintain, provide snow removal service for, and repair the Association Property and all Improvements thereto; provided, however, that the Association shall have no responsibility to provide the services referred to in this paragraph with respect to any building in any Subassociation Common Area. Such responsibility shall be that of the Subassociation concerned.

E. Manager. To retain and pay for the services of a person or firm to manage the Association Properties (the "Manager") to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the Association Properties or the conduct of the business of the Master Association, whether such personnel are employed directly by the Association or are furnished by the Manager. The Association and the Board may delegate any of their duties, powers or functions to the Manager, provided that any such delegation shall be revocable upon notice by the Association or Board. The Owners release the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function as delegated.

F. Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association Properties, enforcement of the Elkhorn Restrictions, or in performing any of the other duties or rights of the Master Association.

G. Association Property Services. To pay for water, sewer, garbage, electrical, telephone, gas, maintenance, snow removal and gardening services, and other necessary utility or other services for the Association Properties.

H. Other Areas. To maintain (including snow removal) and repair slope easements, ponds, roads, roadways, roadway rights-of-ways, parkways and highway median strips, entry details, guardhouses, or other areas of Elkhorn not maintained by governmental entities, to the extent deemed advisable by the Board, and at the Board's election, slope easements not a part of the Association Properties and the front yard area within a Condominium Project if contiguous to the Association Properties.

I. Recreational Facilities. To maintain and repair, to the extent deemed advisable by the Board, all ski facilities, including slopes and tows and all other Improvements relating to such facilities (except those ski facilities and tows which are owned by Sun Valley Company, Inc., which has retained an easement) and golf course and related facilities, tennis facilities, swimming pool, ice rink, bicycle, horse and hiking trails, or other recreational or similar Association Property.

J. Transportation. To establish, maintain and operate any bus, vehicle and other shuttle service or transportation system deemed advisable, including without limitation transportation to and from Elkhorn and Sun Valley Village, any ski areas, and other recreational or commercial locations.

K. Other Services and Properties. To obtain or pay for, as the case may be, any other property, services, taxes or assessments which the Association or the Board is required to secure or pay for pursuant to the terms of these Restrictions or the Bylaws, including security services for the Association Properties or for Elkhorn generally, or which in its opinion shall be necessary or proper for the operation of the Association Property.

L. Collections for Subassociation. To collect on behalf and for the account of any Subassociation (but not levy) any Assessment, as provided in this Master Declaration, upon the Owner of any Lot or Condominium subject to the jurisdiction of such Subassociation, provided that such Subassociation has delegated the right, authority and power to the Master Association to make such collections on its behalf.

M. Construction and Association Property. The Association may, with the approval of the Architectural Design Committee, construct new Improvements or additions to the Association Properties or demolish existing Improvements; provided that in the case of any Improvements, additions or demolition (other than maintenance or repairs to existing Improvements) involving a total expenditure in excess of One Hundred Thousand Dollars (\$100,000) the consent of fifty-one percent (51%) of the voting power of the members voting in person or by proxy at a regular or special meeting called for that purpose shall first be obtained. The Association shall levy a special Assessment on all Owners for the cost of such work.

SECTION 6.06 Rules. The Board may adopt such rules as it deems proper for the use and occupancy of the Association Property. A copy of said Rules, as they may from time to time be adopted, amended or repealed, may but need not be mailed or otherwise delivered to each Owner, or recorded. Upon such mailing, delivery or recordation, said Rules shall have the same force and effect as if they were set forth in and were a part of the Elkhorn Restrictions. In addition, as to any Owner having actual knowledge of any given Rules, such Rules shall have the same full force and effect and may be enforced against such Owner.

SECTION 6.07 Liability of Board Members and Manager. Neither any member of the Board of Directors, officers, committee members nor the Manager shall be personally liable to Sun Valley Elkhorn Association, Inc., any Owner, or any third party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Master Association, Sun Valley Elkhorn Association, Inc., the Board or any individual director of Sun Valley Elkhorn Association, Inc., its officers, its Manager, or any other representative or employee of the Master Association, or the Architectural Design Committee, provided that such director, officer, Manager or other person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association.

Sun Valley Elkhorn Association, Inc., shall indemnify any director, officer, committee member or Manager who was or is a party or is threatened to be made a party to any threatened or pending action or proceeding, whether civil, criminal, or investigative by reason of the fact that he or she is or was a director, officer, committee member or Manager against expenses (including attorney fees), fines and amounts paid in settlement (as well as judgments should the preceding paragraph be inapplicable or for any reason unenforceable), actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Further, Sun Valley Elkhorn Association, Inc., at its cost and expense, shall obtain and maintain Directors' and Officers' liability insurance in full force and effect with coverage of at least Two Million Dollars (\$2,000,000) for all Sun Valley Elkhorn Association, Inc., directors, officers, committee members and its Manager for any and all errors and/or omissions that occur during their tenure in office or employment.

SECTION 6.08 Amendment. The provisions of Sections 6.01, 6.02 and 6.03 hereof shall not be amended without the vote or written consent of the Owners of not less than eighty percent (80%) of the combined total number of Lots and Condominiums then within Elkhorn, plus, until Completion, the written consent thereto of Grantor.

SECTION 6.09 Taxes. Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment of each Lot and Condominium. If any taxes or assessments may, in the opinion of the Association, nevertheless be a lien on more than one (1) Lot or Condominium not under common ownership, or any part thereof, they may be paid by the Master Association, and each Owner shall be obligated to pay, or to reimburse the Master Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against his own Lot or Condominium and interest, if any in the Association Properties.

## ARTICLE VII

### ASSOCIATION PROPERTIES

SECTION 7.01 Use. Each Owner of a Lot or Condominium, his family, licensees, invitees and lessees, or contract purchasers who reside on the property, shall be entitled to use the Association Properties subject to:

A. The provisions of the Articles of Incorporation, Bylaws, and Elkhorn Restrictions. Each Owner agrees that in using the Association Properties he will comply with the provisions of such Articles, Bylaws and Elkhorn Restrictions, including the Elkhorn Rules;

B. The right of the Master Association to charge reasonable admission and other fees for the use of any recreational facility situated upon Association Property;

C. The right of the Master Association to suspend the right to use of the Association Property by an Owner for any period during which any Assessment against his Lot or Condominium remains unpaid; and, after Notice and Hearing by the Board, for a period not to exceed one year for any infraction of the Elkhorn Restrictions;

D. The right of the Master Association to dedicate or transfer all or any part of the Association Properties to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Board;

E. The right of the Master Association to allow the general public, or certain portions thereof, to use any recreational facility situated upon Association Property and, in the discretion of the Board, to charge admission fees therefor.

SECTION 7.02 Damages. Each Owner shall be liable to the Master Association for any damage to Association Property which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family and guests, both minor and adult. In the case of joint ownership of a Lot or Condominium, the liability of such Owners shall be joint and several, except to the extent that the Master Association has previously contracted in writing with such joint owners to the contrary. The amount of such damage shall be an Assessment against the Lot or Condominium and may be collected as provided herein for the collection of other Assessments.

SECTION 7.03 Damage and Destruction. In the case of damage by fire or other casualty to the Association Property:

A. Destruction-Insurance Proceeds. If insurance proceeds do not exceed the sum of Twenty-Five Thousand Dollars (\$25,000), and the cost of repairing or rebuilding does not exceed the amount of available insurance proceeds by more than Five Thousand Dollars (\$5,000), such insurance proceeds shall be paid to the Master Association, which thereupon shall contract to repair or rebuild all the Association Property so damaged; and if the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding the damage, the Association shall levy a special Assessment on all Owners to make good any deficiency.

B. Reconstruction. If insurance proceeds exceed Twenty-Five Thousand Dollars (\$25,000) or the cost of repairing or rebuilding exceeds available insurance proceeds by more than Five Thousand Dollars (\$5,000), then:

(1) The insurance proceeds arising out of damages in each project affected shall be paid to First Security Bank of Idaho or to such bank or other trust company as may be designated by the Board, to be held in separate trusts for the benefit of the Owners and their Beneficiaries, as their respective interest shall appear. The Association is authorized to enter, on behalf of the Owners, into an agreement with such insurance trustee relating to its powers, duties and compensation, on such terms as the Board may approve consistent herewith.

(2) The Association shall obtain firm bids from two (2) or more responsible contractors to rebuild any portions of the Association Property in accordance with the original plans and specifications with respect thereto and shall, as soon as possible thereafter, call a special meeting of the Owners to consider such bids. At such special meeting, the Owners may by three-fourths (3/4) of the votes cast elect to reject such bids and thus not to rebuild. Failure to thus reject such bids shall be deemed acceptance of such bid as may be selected by the Manager.

(3) If a bid is accepted, the Association shall levy a special Assessment or special Assessments on the Owners to make up the deficiency between the total insurance proceeds and the contract price of repairing or rebuilding the damaged portions of the Association Properties and such Assessment or Assessments and all insurance proceeds, whether or not subject to liens of Mortgagees, shall be paid to said insurance trustee to be used for such rebuilding. If two (2) or more Assessments are levied, such Assessments may be made due on such dates as the Association may designate over a period not to exceed twenty (20) years and the Association may borrow money to pay the aforesaid deficiency, and may secure such borrowing by an assignment of its right to collect such Assessments, or by a pledge of any personal property held by it in trust for the Owners, or by both.

(4) If the Owners elect not to rebuild, the proceeds shall be retained by the Master Association for use in performing its functions under the Elkhorn Restrictions.

## ARTICLE VIII

### ARCHITECTURAL DESIGN COMMITTEE

SECTION 8.01 Members of Committee. The Architectural Design Committee, sometimes referred to in this Master Declaration as "Design Committee" or "Committee," shall consist of at least five (5) members but no more than nine (9) members. Persons shall be appointed to the Committee by the Board and shall serve until such time as the member has resigned or is removed. Members of the Committee may be removed by the Board at any time without cause.

SECTION 8.02 Review of Proposed Construction or Alteration. The Committee shall consider and act upon any and all proposals or plans and specifications for actions to be taken pursuant to Article III, hereof, and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. The Committee shall approve proposals or plans and specifications only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or Elkhorn as a whole, and that the appearance of the Improvement will be in harmony with the surrounding Improvements. The Committee may condition its approval of proposals or plans and specifications on such changes therein as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may adopt rules or guidelines setting forth procedures for the submission of plans for approval, and factors which it will take into consideration in reviewing submissions. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, landscape plans, drainage plans, elevation drawings and description or samples of exterior material and colors. The Committee may also require certain inspections and/or that any construction, alteration or addition be completed within certain time limits. Until receipt by the Committee of required plans, samples, and/or specifications, fees, and certification that all regular and special Assessments are paid in full or until successful completion of any required inspection, or after passage of the allowed time for construction, or at any point where construction, alteration or additions are not performed according to approved plans, the Committee may postpone review of any plan submitted for approval, and/or prohibit any or further construction, alterations or additions



and/or levy a fine and/or suspend the rights of the owner involved or his relatives, guests, licensees or invitees to use Association Properties pursuant to Article III, Section 3.09, after Notice and Hearing. The Committee may charge various fees, which shall be set from time to time by the Board, for the review and inspection process.

SECTION 8.03 Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8.09. In the absence of such designation, the vote of any three (3) members of the Committee, or the written consent of any three (3) members of the Committee taken without a meeting, shall constitute an act of the Committee.

SECTION 8.04 No Waiver of Future Approvals. The approval by the Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matter whatever subsequently or additionally submitted for approval or consent.

SECTION 8.05 Compensation of Members. The members of the Committee shall be entitled to reasonable compensation from the Association for services rendered, together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation shall be set by the Board from time to time.

SECTION 8.06 Final Inspection of Work: Inspection of work and correction of defects therein shall proceed as follows:

A. Upon the completion of any work for which approved plans are required under this Article VIII, the Owner shall give written notice of completion to the Design Committee.

B. Within sixty (60) days thereafter, the Architectural Committee or its duly authorized representative shall inspect such Improvement. If the Design Committee finds that work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such sixty-day period, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

C. If upon the expiration of thirty (30) days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Design Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than thirty (30) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance, and the Owner shall reimburse the Master Association, upon demand, for all expenses, including interest on monies expended and attorney's fees, incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Master Association, the Board shall levy an Assessment against such Owner for reimbursement pursuant to Article VI, Section 6.05 and Article IX hereof.

D. If for any reason the Design Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of said written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with said approved plans.

SECTION 8.07 Nonliability of Committee Members. Neither the Committee nor any member thereof shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder; unless due to the willful misconduct or bad faith of the Committee. The Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and Elkhorn generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

SECTION 8.08 Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any Supplemental Declaration, including restrictions upon height, size, floor area, or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, and must be signed by at least three (3) members of the Committee. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance. A copy of the variance request and approval, or denial, will be kept on file at the Master Association Offices.

## ARTICLE IX

### FUNDS AND ASSESSMENTS

SECTION 9.01 Elkhorn Maintenance Fund. The Board shall establish a fund (the "Elkhorn Maintenance Fund") into which shall be deposited all moneys paid to the Master Association and from which disbursements shall be made in performing the functions of the Master Association under the Elkhorn Restrictions. Funds of the Master Association must be used solely for purposes related to those areas and Improvements owned by the Master Association or subject by this Declaration to maintenance and Assessment or for purposes authorized by this Declaration as it may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment of other maintenance funds by any Subassociation pursuant to any Supplemental Declaration.

SECTION 9.02 Yearly Estimates of Assessments. At least thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Master Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund). A sum sufficient to pay such estimated net charges will be assessed to the Owner of each Lot and Condominium in Elkhorn in an equal amount. If said sum estimated proves inadequate for any reason, including nonpayment of any Owner's Assessment, the Association may, at any time, levy a further Assessment which shall be assessed equally upon the Owner of each Lot and Condominium.

SECTION 9.03 Payment of Assessments. All Assessments shall be due and payable to the Master Association by the assessed Owners (including Grantor) during the fiscal year in equal monthly installments, on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

SECTION 9.04 Amendments. Amendments to this Article IX (but not including amendments to sections of other Articles which are referred to in this Article or which relate to this Article) shall only be effective upon written consent of seventy-five percent (75%) of the Owners in Elkhorn.

SECTION 9.05 Late Charges. If any Assessment, whether regular or special, assessed to any Owner is not paid within thirty (30) days after it is due, the Owner may be required by the Board to pay a late charge of eight percent (8%) of the amount of the Assessment or such other amount as the Board may designate from time to time as set forth in the Elkhorn Rules.

SECTION 9.06 Unpaid Assessments as Liens. The amount of any Assessment, whether regular or special, assessed to any Owner and any late payment charge attributable thereto, plus interest on such Assessment and charge at a rate of eight percent (8%) per annum simple interest (or such other rate as the Board may designate from time to time as set forth in the Elkhorn Rules), and costs, including reasonable attorneys' fees, shall become a lien upon such Lot or Condominium upon recordation of a Notice of Assessment Lien stating the amount of the claim of delinquency, the interest and costs which have accrued thereon, the legal description and street address of the Lot or Condominium against which it has been assessed, and the name of the record Owner thereof. Such notice shall be signed and acknowledged by an officer of the Association. Upon recordation it shall create a lien upon the Lot or Condominium described in the amount set forth. Such Assessment lien shall be prior to any declaration of homestead recorded after the recording of this Master Declaration. The lien shall continue until fully paid or otherwise satisfied. When the lien has been fully paid or satisfied, a further notice releasing the lien shall be recorded. Such lien may be foreclosed in the same manner as provided in the laws of the State of Idaho for the foreclosure of liens on real property or with respect to a lien against a Condominium as provided in Section 55-1518 of the Code of Idaho and as otherwise provided by law. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the liens upon any Lot or Condominium created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10). Liens established pursuant hereto shall be junior to any liens established by any Subassociation.

SECTION 9.07 Mortgage Protection. Notwithstanding all other provisions hereof, no lien created under this Article IX nor any breach of the Elkhorn Restrictions, nor the enforcement of any provision hereof or of any Supplemental Declaration hereto shall defeat or render invalid the rights of the Beneficiary under any recorded Deed of Trust upon a Lot or Condominium made in good faith and for value, provided that after the foreclosure of any such Deed of Trust or conveyance of any Lot or Condominium to such Beneficiary by deed in lieu of foreclosure, such Lot or Condominium shall remain subject to the Elkhorn Restrictions and the amount of all regular Assessments and all special Assessments to the extent they relate to expenses incurred subsequent to such foreclosure shall be assessed hereunder to the purchaser at such foreclosure sale.

SECTION 9.08 Notice of Recording Mortgages. No amendment to this Article IX of this Master Declaration shall affect the rights of any Beneficiary who does not join in the execution thereof; provided that his Mortgage is recorded prior to the recordation of such amendment.

SECTION 9.09 Subordination. By subordination agreement executed by the Association, the benefits of Section 9.07 and 9.08 above may be extended to Beneficiaries not otherwise entitled thereto.

## ARTICLE X

### MISCELLANEOUS

SECTION 10.01 Term. The covenants, conditions and restrictions of this Master Declaration shall run until December 31, 2020, unless amended as herein provided. After December 31, 2020, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by at least three-fourths (3/4) of the Owners in Elkhorn, and such written instrument is recorded with the Blaine County Recorder.

SECTION 10.02 Amendment.

A. By Grantor. Until Completion and except as provided in Section 2.03, Section 6.08 and Section 9.04, the provisions of this Declaration, other than this Article, may be amended only by Grantor; provided, however, that no such amendment (unless required by the California Commissioner of Real Estate as provided below) shall be effective without Notice and Hearing and if fifty-one percent (51%) of the Owners (other than Grantor), by written notice delivered to the Board, object to any such proposed amendments within fifteen (15) days after such Hearing, such amendment shall not be effective. Any amendment hereunder shall be effective only upon recordation with the Blaine County Recorder of:

(1) An instrument in writing signed and acknowledged by Grantor setting forth the amendment; and

(2) An instrument in writing signed and acknowledged by the president and secretary of the Association certifying that within fifteen (15) days after the required Hearing, the Board has not received written objections to such amendment by fifty-one percent (51%) of the Owners.

Notwithstanding the above, any amendment required by the California Commissioner of Real Estate not in conflict with the laws of the State of Idaho shall not require a notice or hearing and shall be effective upon recordation with the Blaine County Recorder.

(1) An instrument in writing signed and acknowledged by Grantor setting forth the amendment; and

(2) An instrument in writing signed and acknowledged by the president and secretary of the Association certifying that such amendment is required by the California Commissioner of Real Estate as a condition to the sale in California of Elkhorn Lots and/or Condominiums.

B. By Owners. After Completion, and except as provided in Section 2.03, Section 6.08 and Section 9.04, the provisions of this Declaration, other than this Article, may be amended by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying that such amendment has been approved by the vote or written consent of at least fifty-one percent (51%) of the Owners in Elkhorn, and such an amendment shall be effective upon its recordation with the Blaine County Recorder.

C. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat and render invalid the rights of the Beneficiary under any recorded Deed of Trust upon a Lot or Condominium made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Lot or Condominium shall remain subject to this Declaration, as amended.

SECTION 10.03 Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

SECTION 10.04 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of Elkhorn. All provisions affecting any Condominium Project in Elkhorn shall be construed so as to be in conformance with the Condominium Property Act of Idaho. This Declaration shall be construed and governed under the laws of the State of Idaho.

SECTION 10.05 Enforcement and Nonwaiver.

A. Right of Enforcement. Except as otherwise provided herein, any Owner of any Lot or Condominium within Elkhorn shall have the right to enforce any or all of the provisions of the Elkhorn Restrictions upon any property within Elkhorn and the Owners thereof.

B. Violations and Nuisance. Every act or omission whereby any provision of the Elkhorn Restrictions is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action by Grantor or the Master Association or any Owner or Owners of Lots or Condominiums within Elkhorn.

However, any other provision to the contrary notwithstanding, only Grantor, the Master Association, the Board or the duly authorized agents of any of them, may enforce by self-help any of the provisions of the Elkhorn Restrictions, and only if such self-help is preceded by reasonable notice to the Owner.

C. Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within Elkhorn, is hereby declared to be a violation of the Elkhorn Restrictions and subject to any or all of the enforcement procedures set forth in said Restrictions.

D. Remedies Cumulative. Each remedy provided by the Elkhorn Restrictions is cumulative and not exclusive.

E. Nonwaiver. The failure to enforce any of the provisions of the Elkhorn Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provisions of said Restrictions.

SECTION 10.06 Construction.

A. Restrictions Construed Together. All of the provisions of the Elkhorn Restrictions shall be liberally construed together to promote and effectuate the fundamental concepts of Elkhorn as set forth in the preamble of this Master Declaration.

B. Restrictions Severable. Notwithstanding the provisions of the foregoing Paragraph A, each of the provisions of the Elkhorn Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

C. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

D. Captions. All captions and titles used in this Master Declaration are intended solely for convenience or reference and shall not affect that which is set forth in any of the provisions hereof.

IN WITNESS WHEREOF, Grantor has executed this Master Declaration the day and year first above written.

ELKHORN AT SUN VALLEY  
an Idaho joint venture,

By:       JOHNS-MANVILLE IDAHO, INC.,

By /s/John Fisher

By /s/John Harker

By:       DOLLAR MOUNTAIN COMPANY, INC.,

By /s/Harry Holmes

By /s/LaVerna R. Overfield

"GRANTOR"

STATE OF COLORADO     )  
                                  )     ss.  
COUNTY OF ARAPAHOE    )

On March 8, 1972, before me, the undersigned, a Notary Public in and for said State, personally appeared John H. Fisher, known to me to be the Vice President and John Harker, known to me to be the assistant Secretary of JOHNS-MANVILLE IDAHO, INC., an Idaho corporation, known to me to be one of the joint venturers of the joint venture that executed the within instrument, and acknowledged to me that such joint venture executed the same.

WITNESS my hand and official seal.

/s/ Mary E. Robb

Notary Public in and for said  
County and State  
My Commission Expires Sept. 15,  
1975.

STATE OF             )  
                                  ) ss.  
COUNTY OF         )

On March 8, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Harry Holmes, known to me to be the Vice President, and LaVerna R. Overfield, known to me to be the Secretary of Dollar Mountain Company, Inc., an Idaho corporation, known to me to be one of the joint venturers of the joint venture that executed the within instrument, and acknowledged to me that such joint venture executed the same.

WITNESS my hand and official seal.

/s/Kaye F. Curran

Notary Public in and for said County and  
State

LEGAL DESCRIPTION

PARCEL 1:

A parcel of land within Section 21, T4N, R18E, B.M., Sun Valley, Blaine County, Idaho being more particularly described as follows:

Lots 1 through 67 of Elkhorn Village Subdivisions No 1 and No. 2 as recorded in Book 8 of Plats at Pages 3 and 4, Records of Blaine County.

PARCEL 2:

Those certain parcels of land within Section 21, T4N, R18E, B.M., Sun Valley, Blaine County, Idaho, being more particularly described as follows:

Elkhorn Village Subdivision No. 1 and No. 2 as recorded in Book 8 of Plats at Pages 3 and 4, Records of Blaine County, except dedicated streets and Lots 1 through 67 of said subdivisions.

PARCEL 3:

A parcel of land within N 1/2 SW 1/4 Section 21, T4N, R18E, B.M., Sun Valley, Blaine County, Idaho, being more particularly described as follows:

Beginning at the Southeast corner of Lot 25 of Elkhorn Village Subdivision No. 1 as recorded in Book 8 of Plats at Pages 3 and 4, Records of Blaine County; thence:

South 04 53' 26" West 572.25 feet to a point on the south line of the N 1/2 SW 1/4 of Section 21; thence continuing along said line North 89 53' 31" West 863.22 feet; thence North 1052.54 feet to the South corner of Lot 13 of said Elkhorn Village Subdivision No. 1, thence along the southerly line of said Elkhorn Village Subdivision to the real point of beginning said parcel containing 16.00 acres.

EXHIBIT "A"



LEGAL DESCRIPTIONS

Those certain tracts of land located in Township 4 North, Range 18 East, B.M., Blaine County, Idaho, described as follows:

- Section 8: E 1/2 SE 1/4 and SW 1/4 SE 1/4
- Section 9: All
- Section 16: All
- Section 17: All except the N 1/2 NW 1/4
- Section 18: N 1/2 SE 1/4, SE 1/4 SE 1/4
- Section 19: NE 1/4 NE 1/4, excepting a tract described as follows:

Beginning at the southwest corner of the NE 1/4 NE 1/4, Section 19, north along the west line of the NE 1/4 NE 1/4, 550.0 feet more or less, thence southeasterly along a straight line a distance of 775.0 feet more or less to a point on the south line of said NE 1/4 NE 1/4, Section 19, that is 550.0 feet east of the southwest corner thereof, thence west along the south line of the NE 1/4 NE 1/4, 550.0 feet more or less to the point of beginning.

- Section 20: NW 1/4 NW 1/4, E 1/2 NE 1/4, NW 1/4 NE 1/4, and NE 1/4 SE 1/4
- Section 21: E 1/2, NW 1/4 and the N 1/2 SE 1/4
- Section 28: N 1/2 NE 1/4.

EXHIBIT "B"



CERTIFICATE OF INCORPORATION

I PETE T. CENARRUSA, Secretary of State of the State of Idaho, and legal custodian of the corporation records of the State of Idaho, do hereby certify that the original of the articles of incorporation of

SOUTHERN PROPERTY OWNERS' ASSOCIATION, INC.

was filed in the office of the Secretary of State on the 19th day of June A.D., One Thousand Nine Hundred seventy-two and will be duly recorded on microfilm of Record of Domestic Corporations, of the State of Idaho, and that the said articles contain the statement of facts required by Section 30-103, Idaho Code.

I FURTHER CERTIFY, That the persons executing the articles and their associates and successors are hereby constituted a corporation, by the name hereinbefore stated, for perpetual existence from the date hereof, with its registered office in this State located at Sun Valley, Idaho in the County of Blaine

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State. Done at Boise City, the Capital of Idaho, this 19th day of June A.D., 1972 .

Pete T. Cenarrusa  
Secretary of State.

\_\_\_\_\_  
Corporation Clerk.

Domestic

Exhibit "C"

ARTICLES OF INCORPORATION

OF

SUN VALLEY ELKHORN ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, each being a natural person of full age and a citizen of the United States of America, have voluntarily and do hereby associate ourselves together for the purpose of forming a corporation under the laws of the State of Idaho, Idaho Code, Title 30, Chapter 1, Section 117A. We do hereby certify, declare and adopt the following Articles of Incorporation.

ARTICLE I

The name of the corporation is: SUN VALLEY ELKHORN ASSOCIATION, INC.

ARTICLE II

The period of existence and the duration of the life of this corporation shall be perpetual.

ARTICLE III

This corporation shall be a non-profit, membership corporation.

ARTICLE IV

The location and post office address of the registered office of this corporation shall be the City of Sun Valley, Blaine County, Idaho 83353.

ARTICLE V

(A) The nature of the business and the object and purpose of this corporation shall be as follows:

(a) To form a corporation under Title 30, Chapter 1, Section 117A of the Idaho Code, for the purpose of providing a Master Association to which all owners of Condominiums or Lots located in Elkhorn, Blaine County, Idaho, shall belong for the purpose of maintaining and creating an environment that will provide maximum opportunity for the orderly development of a year-round recreational resort. This corporation shall be the Master Association defined in the Master Declaration of Covenants, Conditions, and Restrictions of Elkhorn at Sun Valley (hereinafter referred to as the "Master Declaration") which Master Declaration is filed of record as Instrument No. 142929, March 24, 1972, Records of Blaine County, State of Idaho. All of the words or terms which are capitalized herein shall have the same meaning and definition as contained in the definitions section of the Master Declaration, which definitions are incorporated herein by reference.

(b) To form an association in which the rights, privileges, burdens, responsibilities and interest of all Members shall be based upon the ownership of each Lot or Condominium in Elkhorn. This corporation shall have all powers incidental to a corporation structure except as its powers are restricted in the Master Declaration.

(c) To receive and accept and to be obligated to receive and accept from Grantor, grants of right, title and interest in Association Property, to assume the functions and obligations imposed upon the Association property as provided for under the Master Declaration. All Association Property, both real and personal, received and accepted by the corporation shall be held for the benefit and use of the members of the corporation.

(d) To prosecute any violation in law or equity against any person or persons who violate or attempt to violate any provisions of the Elkhorn Restrictions as set forth in the Master Declaration and to do all acts reasonably necessary or convenient to carry out all of the provisions of the Elkhorn Restrictions.

(e) To receive and accept, to take and to hold, directly or indirectly, by request, devise, gift, purchase or lease either absolutely or in trust any real or personal property without limitation as to amount or value for any of the purposes and objectives set forth in these Articles of Incorporation.

(f) The corporation shall have the power to levy regular or special assessments to fulfill the obligations and purposes set forth in these Articles of Incorporation and in the Master Declaration.

(B) In addition to the foregoing, where not inconsistent with the laws of the State of Idaho and in particular Title 30, Chapter 1, Section 117A or the Master Declaration the corporation shall have the following powers:

(a) The authority set forth in Title 30 of the Idaho Code relating to the organization and conduct of general business corporations.

(b) To buy, sell, acquire, hold or mortgage, or enter into security agreements, pledge, lease, assign, transfer, trade and deal in and with all kinds of personal property, goods, wares and merchandise of every kind, nature and description.

(c) To buy, sell, lease, let, mortgage, exchange or otherwise acquire or dispose of lands, Lots, houses, Condominiums, buildings, and real property, hereditaments and appurtenances of all kinds and wheresoever situated, and of any interest and rights therein, to the same extent as natural persons might or could do, and without limit as to amount.

(d) To borrow money, to draw, make, accept, enforce, transfer and execute promissory notes, debentures and other evidences of indebtedness, and for the purpose of securing any of its obligations or contracts to convey, transfer, assign, deliver, mortgage and/or pledge all or any part of the Property or assets, real or personal, at any time owned or held by this corporation.

(e) To have one or more offices to carry on all or any part of its operations and business, and to do all and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes, or the attainment of any one or more of the objects herein named, or which shall at any time appear conducive or expedient for the protection or benefit of the Master Association, and which now or hereafter may be authorized by law, and this to the same extent and as fully as natural persons might or could do, as principals, agents, contractors, trustees or otherwise, and either alone or in connection with any firm, person, association or corporation.

(f) The foregoing clauses are to be construed both as objects and powers. As hereby expressly provided, an enumeration herein of the objects, powers and purposes shall not be held to restrict in any manner the general powers of the corporation. The corporation shall have the power to do all acts that are necessary and convenient to obtain the objects and purposes herein set forth to the same extent and as fully as any natural person could or might do, within the framework of the Idaho Condominium Property Act, there Articles of Incorporation, and the general corporation laws of the State of Idaho.

#### ARTICLE VI

In no event shall any income or assets of the corporation be distributed to or inure to the benefit of any Member, director or officer hereof, either directly or indirectly, other than a bonafide expenses in carrying outy the instructions and directions of the Board of Directors and the Officers in order to accomplish and achieve the purpose and objectives of the corporation.

#### ARTICLE VII

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

B. There shall be two class of membership designated as Class A and Class B membership. Class A members shall originally be all Owners with the exception of Grantor, and shall be entitle to one vote for each Lot and/or Condominium owned. Grantor shall become a Class A member with regard to Lots or Condominiums owned by Grantor in a particular Tract or Condominium Project upon the conversion of Grantor's Class B membership to Class A membership with regard to that Tract or Condominium Project as provided hereinbelow. The Owner of each Lot or Condominium in Elkhorn may, by notice to the Association, designate a person (who need not be an Owner) to exercise the vote for such Lot or Condominium. Said designation shall be revocable at any time by notice to the Association by the Owner. Such powers of designation and revocation may be exercised by the guardian

of an Owner's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of an Owner's estate, by his executor or administrator where the latter's interest in said property is subject to administration in his estate. The Class B member shall be Grantor. Upon the first sale of a Lot or Condominium to an Owner in each Tract or Condominium Project, Grantor shall thereupon be entitled to three (3) votes for each Lot in that Tract or each Condominium in that Condominium Project owned by Grantor. As to each Tract and Condominium Project, the class B membership shall cease as to that Tract or Condominium Project and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (1) When the total votes outstanding in the class A membership for that Tract or Condominium Project equal the total votes outstanding in the Class B membership for that Tract or Condominium Project, or
- (2) Two years from the date of the issuance of the most recent Public Report by the California Commissioner of Real Estate for a Tract or Condominium Project within Elkhorn (but only if such a Public Report has ever been issued, otherwise this subparagraph (2) shall not apply, or
- (3) Five (5) years from the first sale to an Owner of a Lot or Condominium in that Tract or Condominium Project to an Owner.

C. In any election of the members of the Board, every Owner (including Grantor) entitled to vote at such an election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that Owner is entitled in voting upon other matters multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected. Any Director may be removed from office by a vote of a majority of the members entitled to vote at an election of directors; provided, however, that unless the entire Board is removed, an individual director shall not be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of votes cast is divided by one plus the authorized number of directors. If any or all directors are so removed, new directors may be elected at the same meeting.

D. Suspension of Voting Rights. There shall be no violation of the Elkhorn Restrictions. If any Owner, his family, or any licensee, lessee or invitee violates the Elkhorn Restrictions, the Board may impose a special assessment upon such person of not more than Fifty Dollars (\$50.00) per day for each violation and/or may suspend the right of such person to use the Association properties, under such conditions as the Board may specify for a period not to exceed one (1) year for each violation. Before invoking any such assessment or suspension the Board shall give such person notice and hearing. Any assessment imposed hereunder which remains unpaid for a period of ten (10) days or more, shall become a lien upon the Owner's Lot or Condominium upon its inclusion in a notice of assessment lien recorded pursuant to Article IX, Section 9.06 of the Master Declaration.

E. Subsections A, B and C of this Article (Article VII) shall not be amended without the consent of eighty per cent (80%) of the combined number of Lots and Condominiums then within Elkhorn, plus, until Completion, the written consent thereto of Grantor.

F. The following sections of the Master Declaration dealing with specific voting requirements which require special action of the membership are incorporated herein by reference: Section 6.05M, Section 7.03B(2), Section 9.04 and Section 10.02.

G. The mortgaging, encumbering, or other disposition of any property real or personal of the Corporation valued in excess of \$100,000.00 per year, shall require the prior consent of at least fifty-one percent (51%) of the voting power of each class of the membership of the Corporation.

#### ARTICLE VIII

Each Member shall be liable for payment of all regular and special assessments provided for in the Master Declaration and for payment and discharge of the liabilities of the corporation as provided for in the Master Declaration and as set forth in the Bylaws of the Corporation.

#### ARTICLE IX

The Bylaws of this corporation may be altered, amended or new Bylaws adopted at any regular or any special meeting of the corporation called for that purpose by the affirmative vote of two-thirds (2/3) of the votes entitled to be cast by the Members present at such meeting.

#### ARTICLE X

For the purpose of specifying in detail the rights, responsibilities, duties and obligations of the Board of Directors, the officers, the Manager, or other employees and agents of the Master Association and the Members thereof, including the obligation of the Members to accept Master Association Property and the liability of the Members for the payment of assessments, the Bylaws may incorporate by reference the provisions of the Master Declaration recorded in Blaine County, State of Idaho, provided a true and correct copy of the Master Declaration is attached to and made a part of the Bylaws of the corporation.

#### ARTICLE XI

The business and affairs of the Master Association shall be managed and controlled by a Board of Directors. The original Board of Directors shall be three (3); however, the Bylaws of the Master Association may provide for an increase or decrease in their number, provided that the number of directors shall not be greater than nine (9) nor less than three (3).

ARTICLE XII

The names and post office address of the incorporators are as follows:

Name	Address
John S. Simko	4641 Seymour Drive, Boise, Idaho
Karl Jeppesen	Route 3, Boise, Idaho
Shirley Ditty	5903 Norwood Drive, Boise, Idaho
Diana Gratton	431 Ada, Boise, Idaho
Florence Banks	200 North 3rd, Boise, Idaho

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 19th day of June, 1972

/s/ John S. Simko

/s/ Karl Jeppesen

/s/ Shirley Ditty

/s/ Diana Gratton

/s/ Florence Banks

STATE OF IDAHO )  
COUNTY OF ADA )

On this 19th day of June, 1972, before me, the undersigned, a Notary Public in and for said County and State, personally appeared John S. Simko, Karl Jeppesen, Shirley Ditty, Diana Gratton, and Florence Banks, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ John H. Read  
Notary Public for Idaho  
Residing at Boise, Idaho



FILED DEC 6 1970 KILL 00411

No. 15670

Articles of Incorporation

ELGHORN PROPERTY OWNERS  
ASSOCIATION, INC.

Place of business Sun Valley  
Existence Perpetual  
Capital Stock Sec. 30-117A

STATE OF IDAHO  
Department of State  
Boise, Idaho

Approved, filed and admitted to  
the records of articles of incorporation  
of the State of Idaho and certificate  
issued this 19th  
day of June 1970  
at 4:00 o'clock P. M.

FEES PAID	
Filing	\$ 15.00
Recording	15.00
Cert. Copy	_____
Certificate	_____
License Tax	_____
_____	_____
TOTAL \$	30.00

Pete T. Cenarrusa  
SECRETARY OF STATE

BY *Raymond L. ...*  
CORPORATION CLERK

Filed by Elam & Burke, Attorneys

BYLAWS  
OF  
SUN VALLEY ELKHORN ASSOCIATION, INC.

ARTICLE I

OFFICES

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

ARTICLE II

The Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley (hereinafter referred to as the "Master Declaration") which Master Declaration is filed of record as Instrument No. 142929, March 24, 1972, Records of Blaine County, State of Idaho are hereby incorporated and made a part of these Bylaws by reference. A copy of the Master Declaration is attached hereto as Exhibit "A".

ARTICLE III

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

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

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

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

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

## 2. VOTING.

A. Number of Votes. The Master Association shall have two classes of voting membership:

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

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

- (1) When the total votes outstanding in the Class A membership for that Tract or Condominium Project equal the total votes outstanding in the Class B membership for that Tract or Condominium Project, or
- (2) Two years from the date of the issuance of the most recent Public Report by the California Commissioner of Real Estate for a Tract or Condominium Project within Elkhorn (but only if such a Public Report has ever been issued, otherwise this sub-paragraph (2) shall not apply), or
- (3) Five (5) years from the first sale to an Owner of a Lot or Condominium in that Tract or Condominium Project to an Owner.

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

C. **Meetings of Owners.** There shall be a meeting of the Owners on the 30th day of December of each year at 4:00 o'clock P.M. at Elkhorn, or at such other reasonable place or time (not more than thirty (30) days before or after such date) as may be designated by notice of the Board given to the Owners not less than seven (7) nor more than sixty (60) days prior to the date fixed for said meeting. A special meeting of the Owners may be called at any reasonable time and place by notice of the Board or by the Owners having one-fifth (1/5) of the total votes and delivered to all other Owners not less than fifteen (15) days prior to the date fixed for said meeting. The presence at any meeting, in person or by proxy, of the Owners entitled to vote at least a majority of the total votes shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Owners present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours no more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the Owners entitled to vote at least twenty-five percent (25%) of the total votes. The president of the Association (or the vice president in his absence) shall act as chairman of all meetings of the Owners and the secretary of the Association (or an assistant secretary thereof in his absence) shall act as secretary of all such meetings. Except as otherwise provided herein, any action may be taken at any meeting of the Owners upon the affirmative vote of the Owners having a majority of the total votes present at such meeting in person or by proxy; provided, however, that the members of the Board shall be elected by cumulative voting as provided in Section 6.03D. At each annual meeting, the Board shall present a written statement of the Elkhorn Maintenance Fund, itemizing receipts and disbursements for the preceding calendar year and the allocation thereof to each Owner. Within ten (10) days after the date set for each annual meeting, the assessment statement shall be delivered to the Owners not present at said meeting.

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

E. **Transfer of Voting Right.** The right to vote may not be severed or separated from the ownership of the Lot or Condominium to which it is appurtenant, except that any Owner may give a revocable proxy, or may assign his right to vote to a lessee or Beneficiary of the Lot or Condominium concerned, for the term of the lease or Deed of Trust, and any sale, transfer or conveyance of such Lot or Condominium to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner, subject to any assignment of the right to vote to a lessee or Beneficiary as provided herein.

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

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

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

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

#### ARTICLE IV

##### BOARD OF DIRECTORS

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

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

3. Qualification; Election; Term. Directors need not be members of the Master Association except that a majority of the directors must be members and shall be elected by the members at their annual meeting. Directors shall serve for a term of three years and shall continue in office until their successors are fully elected and qualified except that for the year beginning January 1, 1985, three directors shall be elected for a one-year term, three directors shall be elected for a two-year term and three directors shall be elected for a three-year term. Excluding the time period which any existing director has served as of January 1, 1985, no director shall serve more than two consecutive three-year terms or more than six consecutive years. A director who has served the maximum consecutive term as provided herein may be re-elected to the Board after remaining off the Board for a three-year period of time.

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

5. **Vacancies.** Any vacancy occurring on the Board whether by removal, resignation, death, increase in the number of directors or otherwise, shall be filled by the majority vote of the remaining qualified directors though less than a quorum. A director selected to fill a vacancy on the Board shall hold office until the next annual election of directors, at which time a director shall be elected to complete the unexpired term, if any, for the vacated position, and shall continue in such office only until his successor is duly elected and qualified.

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

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

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

8. **Quorum; Vote Required; Adjournment.** At any meeting of the Board, a majority of the Directors shall constitute a quorum. If a quorum is present, the action of a majority of the directors present and voting shall be the act of the Board except as otherwise specifically required by the Articles of Incorporation or these Bylaws. If a quorum is not present, the majority of the Directors present may adjourn the meeting from time to time without further notice other than announcement of the meeting.

9. **Action of Directors Without a Meeting.** Any action which is required to be taken or any other action which may be taken at a meeting of the Board may be taken without such a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

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

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

12. **Liability of Board Members and Manager.** Neither any Member of the Board of Directors, officers, committee members nor the Manager of the SVEA shall be personally liable to SVEA, any Owner, or any third party for any damage, loss or prejudice suffered or claimed on account of any act or omission by the Master Association, SVEA, the Board or any individual director of SVEA, its officers, its Manager, or any other representative or employee of the Master Association, or the Architectural Design Committee, provided that such director, officer, Manager or other person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association.

SVEA shall indemnify any director, officer, committee member or Manager who was or is a party or threatened to be made a party to any threatened or pending action or proceeding, whether civil, criminal, or investigative by reason of the fact that he or she is or was a director, officer, committee member or Manager against expenses (including attorney fees), fines and amounts paid in settlement (as well as judgments should the preceding paragraph be inapplicable or for any reason unenforceable), actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Further, SVEA, at its cost and expense, shall obtain and maintain directors' and officers' liability insurance in full force and effect with coverage of at least two million dollars for all SVEA directors, officers, committee members and its Manager for any and all errors and/or omissions that occur during their tenure in office and employment.

13. The Board may delegate any of its duties, powers or functions to any person, corporation or firm to act as Manager, provided that any such delegation shall be revocable upon notice by it.

## ARTICLE V

### OFFICERS

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

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

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

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

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

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

6. **Compensation.** Officers, agents, factors and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board. Appointment of any officer, agent, factor or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, factor or employee, provided that no officer or director of Grantor (the Joint Venture) or any affiliate of Grantor may receive any compensation.

## ARTICLE VI

### CONTRACTS, SPECIAL ASSESSMENTS, CONVEYANCES, CHECKS AND MISCELLANEOUS

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



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

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

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

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

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

## ARTICLE VII

### AMENDMENTS

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

APPROVED AND ADOPTED this 22nd day of March, 1972, by the undersigned Members of the initial Board of Directors of the corporation.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

KALBACH, DONARCO, KNAPP &  
CHILLINGWORTH  
550 Newport Center Drive, #900  
Newport Beach, California 92660  
Attn: Oakley C. Frost, Esq.

146338-  
Includes Bylaws

Space Above for Recorder's Use

NOTICE OF ADDITION OF TERRITORY  
AND  
SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
ESTABLISHING A CONDOMINIUM PLAN  
FOR

ELKHORN VILLAGE CONDOMINIUMS

No. 146338

STATE OF IDAHO }  
COUNTY OF BLAINE }  
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED FOR RECORD IN MY  
OFFICE AT THE REQUEST OF  
*Alleurst*  
AT *2:38* O'CLOCK *P.*M.  
*Nov. 8* A. B. 19*72*  
RECORDED IN BOOK \_\_\_\_\_ ON PAGE  
\_\_\_\_\_ OF *112*  
EX-OFFICIO RECORDER  
BY \_\_\_\_\_ DEPUTY  
FEES \$ *84.00*

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STATE OF IDAHO )  
 ) ss.  
COUNTY OF BLAINE )

On this 19<sup>th</sup> day of December 1972, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared Jack Marshall and Darryl Moore, known to me to be the duly authorized agents of ELKHORN AT SUN VALLEY and who affirmed to me that they had been authorized by ELKHORN AT SUN VALLEY, a Joint Venture consisting of DOLLAR MOUNTAIN COMPANY, INC. and JOHNS-MANVILLE IDAHO, INC.; to execute the foregoing instrument for and on behalf of the Joint Venture.

WITNESS my hand and official seal..

Dave Bell  
Notary Public in and for  
said County and State

STATE OF IDAHO )  
County of Blaine, ) ss.  
Marie June  
I, GRACE E. MCCOY, Ex-Officio Recorder in and for Blaine County, State of Idaho, do hereby certify that the foregoing is a full, true and correct copy of that certain Jack Marshall, Darryl Moore, etc as the same appears on record in Book No.        of        of Blaine County, State of Idaho.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 12 day of December 1972

Marie June  
Ex-Officio Recorder.  
By Hazel Barber  
Deputy

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NOTICE OF ADDITION OF TERRITORY  
AND  
SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
ESTABLISHING A CONDOMINIUM PLAN  
FOR  
ELKHORN VILLAGE CONDOMINIUMS

---

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION (hereinafter "Supplemental Declaration") is made this 26th day of October, 1972, by JOHNS-MANVILLE IDAHO, INC., an Idaho corporation, and DOLLAR MOUNTAIN COMPANY, doing business as ELKHORN AT SUN VALLEY, an Idaho joint venture (together with their successors and assigns, collectively "Declarant").

R E C I T A L S:

A. Declarant is the owner of certain real property in the County of Blaine, State of Idaho, a portion of which is more particularly described as Parcel A in Exhibit "A" attached hereto and by reference made a part hereof (said Parcel A is hereinafter referred to as "the Real Property").

B. Declarant has recorded in the real property records of Blaine County, State of Idaho, as Instrument No. 142929 on March 24, 1972, a "Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley" (hereinafter the "Master Declaration") designating the property subject thereto as a planned development community known and referred to in said Master Declaration as "Elkhorn".

C. Declarant intends to provide at the present time for condominium ownership of Parcel A of the real property described in Exhibit "A" under the Condominium Property Act of the State of Idaho, and to provide a procedure for future conversion, from time to time, of all or a portion of Parcel B



of the real property described in Exhibit "A" to condominium ownership under said Act, as parts of a common condominium project.

ARTICLE I

ANNEXATION OF TERRITORY

Section 1.1 Establishment of General Plan. Grantor hereby declares and agrees that:

A. This Supplemental Declaration and the Master Declaration are hereby established upon the Real Property in furtherance of a general plan for the improvement and sale of Lots and Condominiums within Elkhorn, for the purpose of enhancing and perfecting the value of each Lot and Condominium therein, and specifically in furtherance of the general plan and scheme of condominium ownership referred to in Paragraph C of the Recitals to this Declaration, and are further declared to be for the benefit of the Project and every part thereof, and for the benefit of each Owner of a Unit in the Project.

B. The real property described as Parcel A on Exhibit "A" attached hereto and by this reference made a part hereof (the "Real Property") is made subject to the Master Declaration. The Real Property shall be held, conveyed, hypothecated, encumbered, leased, occupied or otherwise used, improved, or transferred, in whole or in part, subject to this Supplemental Declaration and the Master Declaration.

C. This Supplemental Declaration and the Master Declaration are hereby imposed as equitable servitudes upon the Real Property, and each and every portion thereof, as

a servient tenement for the benefit of the other portions thereof and of each and every other Lot and Condominium within Elkhorn as the dominant tenements.

D. This Supplemental Declaration and the Master Declaration shall run with the Real Property and shall be binding upon and inure to the benefit of all parties having or hereafter acquiring any right, title or interest in the Real Property or any portion thereof.

Section 1.2 Classification of Additional Territory.

The Real Property is hereby designated, pursuant to Section 2.02 of the Master declaration, to be a multi-family residential/ Commercial Area.

ARTICLE II

DEFINITIONS

The following terms shall have the following meanings when used herein unless the context otherwise requires. All other terms used herein which are defined in the Master Declaration, unless the context otherwise specifies or requires, shall have the definitions and meanings given them in Article I of the Master Declaration.

Association. "Association" means Elkhorn Village Condominium Association, Inc., an Idaho corporation, not for profit, its successors and assigns, organized as provided herein.

Building. "Building" means one of the buildings constructed on the Real Property pursuant to this Declaration, excepting structures containing no living quarters and used primarily for automobile parking.

Commercial Unit. "Commercial Unit" means Units 3-A, 3-B, 3-C, 4-A, 4-B, 4-C and 4-D as shown on the Condominium Map.

Common Area. "Common Area" means the entire Project as it may from time to time extend, excepting all Units.

Condominium. "Condominium" means a separate interest in a Unit together with an undivided interest in common 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 and by this reference made a part hereof, together with those easements for exclusive use of portions of the Limited Common Area granted herein or on the Condominium Map to the Owner of such Unit, and those easements or licenses for parking purposes appurtenant to such Unit granted to the Owner of such Unit by Grantor pursuant to Paragraph 10.10 below.

Condominium Map. "Condominium Map" means collectively the Condominium Map (consisting of a plat or survey map of the surface of the ground of the Real Property showing a survey and legal description thereof, the location of each building with respect to the boundaries of the Real Property, together with diagrammatic floor plans of the Buildings showing the boundaries of each Unit within each Building, including horizontal and vertical locations and dimensions of all boundaries of each Unit, Unit number identifying the Units, and such other information as may be included thereon at the discretion of the Declaration) to be filed for record in the Real Property Records of Blaine County, Idaho, for the Real Property described as Parcel A in Exhibit "A", together with such corresponding documents as may be so filed for any Added Property.

General Common Area. "General Common Area" means all Common Area excepting all Limited Common Area.

Limited Common Area. "Limited Common Area" means that portion of the Common Area for which exclusive easements are reserved for the use of Owners of particular Condominiums, as those areas are described in Section 4.2 and designated on the Condominium Map.

Mortgage. "Mortgage" means any mortgage, deed of trust, or other security instrument by which a Condominium or any part thereof is encumbered.

Mortgagee. "Mortgagee" means any person or entity, or any successor to the interest of such person or entity, named as the mortgagee, trust beneficiary, or creditor under any Mortgage under which the interest of any Owner, or successor to the interest of such Owner is encumbered.

Owner. "Owner" means any person or entity, including Declarant, at any time owning a Condominium; the term "Owner" shall not refer to any Mortgagee, as herein defined, unless such Mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

Project. "Project" means the Real Property (including any Added Property) and all Buildings and other Improvements located thereon.

Real Property. "Real Property" means that real property described as Parcel A in Exhibit "A", together with such portion of the real property described as Parcel B in Exhibit "A" as Declarant from time to time (but not later than five (5) years from the date of filing of this Declaration) by Supplemental Declaration filed in the Real Property Records of Blaine County, Idaho, shall have declared to be subject to this Declaration (the "Added Property") -to be held in condominium ownership as part of the Project.

Residential Unit. "Residential Unit" means all Units other than the Commercial Units.

Units. "Units" means the separate interest in a Condominium as bounded by the interior surfaces of the perimeter walls, floors, ceilings, windows and doors thereof and the interior surfaces of built-in fireplaces as shown and numbered on the Condominium Map to be filed for record, together with all fixtures and Improvements therein contained. Notwithstanding such marking the following are not part of a "Unit": bearing walls, columns, floors and roofs (except for the interior surface thereof, if a perimeter wall, floor or ceiling), foundations, clothes chutes, shafts, central heating systems, reservoirs, tanks, pumps and

other services used by more than one Unit, pipes, vents, ducts, flutes, chutes, conduits, wires, except the outlets thereof when located within the Unit. The interior surfaces of the 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.

ARTICLE III

ADDITION OF ADDED PROPERTY

Declarant may at any time or from time to time during a period of five (5) years from the date that this Declaration is filed of record, add to the property which is covered by this Declaration all or any portion of the land described as Parcel B in Exhibit "A" hereto, provided, however, that if a Final Sub-division Public Report for a portion of Elkhorn has ever been issued by the California Commissioner of Real Estate, then, unless such a report has been issued within the three (3) years immediately prior to the date such property is to be added to the property covered by this Declaration, such addition shall further require the vote of at least two-thirds (2/3) of the Owners, excluding Declarant, of Condominiums within the Project.

Upon the recording of a Notice of Addition of Property to Condominium Project, containing the provisions set forth herein (which Notice may be contained within the same document as a Notice of Addition of Territory to Elkhorn), the Covenants, Conditions and Restrictions contained in this Declaration shall apply to the Added Property in the same manner as if it were originally covered by this Declaration and originally constituted a part of the Project; and thereafter, the rights, privileges and duties and liabilities of the parties to this Declaration with respect to the added land shall be the same as with respect to the original property, and the rights, privileges, duties and liabilities of the Owners, lessees and occupants of Condominiums within the added property shall be the same as in the original project.

The Notice of Addition of Property referred to herein shall contain the following provisions:

A. A reference to this Declaration, which reference shall state the date of recordation hereof and the book or book of the Records of Blaine County, Idaho, and the page numbers where this Declaration is recorded; and

B. A statement that the provisions of this Declaration shall apply to the added land as set forth herein;

C. An exact description of the added land; and

D. A reference to a Condominium Map, filed or to be filed for record in the Office of the County Recorder of Blaine County, Idaho, covering the added property; and

E. An amendment to Exhibit "B" hereto, recomputing the percentage of ownership interest in the Common Area the total Project including the added area, and taking into account existing Condominiums and recomputing the percentage of ownership interest for the Owners of such Condominiums, as well as Condominiums to be built on the Added Property. Such percentage of ownership interest in the Common Area shall be allocated to each Unit for purposes of tax assessment under Section 15-1515 of the Idaho Code, and for purposes of liability as provided by Section 15-1515 of such Code.

The floor plans of Units to be built in the added property shall be substantially the same design as those for corresponding Units shown on the Condominium Map for Parcel A, and shall be consistent with the overall architectural and design plan for the original Project. The allocation of percentage of ownership shall be fixed by taking as a basis the value of each Unit in relation to the value of the Project as a whole. The percentages allocated to Units having corresponding floor plans shall generally be the same whether such Units are existing



Units or Units to be located on the Added Property, subject only to such adjustments as are necessary to prevent gross discrepancy because of age or condition of a particular Condominium, or its location within the Project. Upon the addition of new Units to the Project, sufficient Common Area shall also be annexed so that the value of the interest of existing Condominium Owners in the Common Area immediately prior to the addition is not appreciably diminished by the addition of the new Units.

ARTICLE IV

NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

Section 4.1 Estates of an Owner. The Project is hereby divided into Condominiums, each consisting of a separate interest in a Unit and an undivided interest in common in the Common Area in accordance with the attached Exhibit "B" setting forth the Common Area appurtenant to each Unit, together with the exclusive easements to use those certain portions of the Limited Common Area as set forth on the Condominium Map. The percentage of ownership interest in the Common Area which is to be allocated to each Unit for purposes of tax assessment under Section 55-1514 of the Idaho Code and for purposes of liability as provided by Section 55-1515 of such Code shall be the same as set forth in Exhibit "B". Exhibit "B" also contains a legal description of each Unit in the Project, consisting of the identifying number of such Unit as shown on the Condominium Map. Such undivided interests in the Common Area and said easements in the Limited Common Area are hereby declared to be appurtenant to the respective Units.

Section 4.2 Limited Common Area. "Limited Common Area" shall consist of those portions of the Common Area designated as such on the Condominium Map. An exclusive easement of use is hereby reserved over each such Limited Common Area in favor of the Owner of the Unit identified with the same number or other designation by which the Limited Common Area is designated on the Condominium Map, to be used by the Owner of such Unit to the exclusion of the use thereof by the other owners of the Common Area except by invitation. Such Limited Common Areas shall include for each Unit (as shown on the Condominium Map):

- (a) one garage;
- (b) one storage locker;

The Limited Common area for a Unit may also include (if shown on the Condominium Map) a balcony or patio, or both.

Section 4.3 Right to Combine Units. Declarant reserves the right to combine physically the area or space of one Unit with the area or space of one or more adjoining Units. Such combination shall not prevent separate ownership of such Condominiums in the future. Declarant reserves the right to designate and convey to any purchaser of such combined Units as additional Limited Common Area any walls, floors or other structural separations between Units so combined, or any space which would be occupied by such structural separations but for the combination of the Units. Such structural separations and such space shall automatically become General Common Area if the combined Units become subject to separate ownership in the future.

Section 4.4 Title. Title to a Condominium may be held or owned by any entity and in any manner in which title to any other real property may be held or owned in the State of Idaho. Title to each Condominium is hereby made subject to the terms and conditions hereof, which bind the Declarant and all subsequent Owners, whether or not it be so expressed in the deed by which any Owner acquires his Condominium.

Section 4.5 Inseparability. No part of a Condominium or of the legal rights comprising ownership of a Condominium may be separated from any other part thereof during the period of Condominium ownership prescribed herein, so that each Unit and the undivided interest in the Common Area and easements in

the Limited Common Area appurtenant to such Unit shall always be conveyed, devised, encumbered, and otherwise affected only as a complete Condominium. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Condominium or any part thereof shall be presumed to be a gift, devise, transfer, encumbrance or conveyance, respectively, of the entire Condominium together with all appurtenant rights created by law or by this Declaration.

Section 4.6 Partition not Permitted. The Common Area shall be owned in common by all Owners of Condominiums, subject to said easements in the Limited Common Area, and no Owner may bring any action for partition thereof.

Section 4.7 Owners' Right to Common Area. Subject to the limitations contained in this Declaration, each Owner shall have the nonexclusive right to use and enjoy the General Common Area, and shall have the exclusive right to use and enjoy that portion of the Limited Common Area in which an easement is granted herein or on the Condominium Map for exclusive use by such Owner.

Section 4.8 Taxes and Assessments. Each Owner shall execute such instruments and take such actions as may reasonably be specified by the Association to obtain separate real property tax assessments of the interest of each Owner in each Condominium. If any taxes or special district or other assessments may, in the opinion of the Association, nevertheless be a lien on the Project or any part thereof, the Association shall pay the same and assess the same to the Owner or Owners responsible therefor. Each Owner shall pay the taxes or assessments assessed against his Condominium, or interest

therein, or his interest in the Common Area, or any part of any or all of the foregoing. Each Owner shall pay all taxes, rates, impositions and assessments levied against the Project or any part of the Common Area in proportion to his interest in the Common Area, such payment to be made to the Association at least thirty (30) days prior to the delinquency of such tax or assessment. Each such unpaid tax or assessment shall bear interest at the rate of eight per cent (8%) per annum and shall be secured by the lien created by Article IX, Section 9.5 hereof.

Section 4.9 Owners' Rights with Respect to Interiors.

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.

Section 4.10 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 any adjoining Unit or Units, 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 either 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 change in position caused by repair or reconstruction of the Project or any part thereof.

Section 4.11 Easements of Access for Repair, Maintenance and Emergencies. Some of the Common Area is or may be

located within the Units or may be conveniently accessible only through the Units. The Owners of other Units shall have the irrevocable right, to be exercised by the Association as their agent, to have access to each Unit and to all Common Area from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Area located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Area or to another Unit or Units. The Association shall also have such right independent of any agency relationship. Damage to the interior of any part of a Unit or Units resulting from the maintenance, repair, emergency repair or replacement of any of the Common Area or as a result of emergency repairs within another Unit at the instance of the Association or of Owners shall be an expense of all of the Owners; provided, however, that if such damage is the result of negligence of the Owner of a Unit, then such Owner shall be financially responsible for all of such damage. Such damage shall be repaired and the property shall be restored substantially to the same condition as existed prior to damage. Amounts owing by Owners pursuant hereto shall be collected by the Association by assessment pursuant to Article IX below.

Section 4.12 Owners' Right to Ingress, Egress, and Support. Each Owner shall have the right to ingress and egress over, upon and across the General Common Area necessary for access to his Unit and to the Limited Common Area designated for use in connection with his Unit, and shall have the right to the horizontal and lateral support of his Unit, and such rights shall be appurtenant to and pass with the title to each Condominium.

Section 4.13 Association's Right to Use of General Common Area. The Association shall have a non-exclusive easement

to make such use of the General Common Area as may be necessary or appropriate to perform its obligations or exercise its rights pursuant to this Declaration, including the right to construct and maintain in the General Common Area maintenance and storage facilities for use by the Association.

Section 4.14 Declarant's Rights Incident to Construction. Declarant, and persons it shall select, shall have the right to ingress and egress over, upon and across the General Common Area, the right to store materials thereon and to make such use thereof as may be reasonably necessary incident to complete development of the Project.

Section 4.15 Other Rights of Ingress and Egress. The Project is subject to the Elkhorn Master Declaration of Covenants, Conditions and Restrictions filed for record on March 24, 1972, as Instrument No. 142929 in the Records of Blaine County, Idaho (the "Master Declaration"). The Project is part of the planned development encompassing other real property subject to the Master Declaration. From time to time as may be necessary or desirable, the Master Association described in said Master Declaration may grant easements of ingress and egress to and from other portions of Elkhorn across the Common Area for the use of any person entitled to use that property referred to as the "Association Properties" in said Master Declaration (Including those persons defined as "Permitted Users" in said Master Declaration) and for the purpose of equestrian, pedestrian or bicycle paths and roads and utility easements across the Common Area which may serve the real property subject to said Master Declaration.

Section 4.16 Easements Deemed Created. All conveyances of Condominiums hereafter made, whether by Declarant

or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to Sections 4.10, 4.11, 4.12, 4.13, 4.14 and 4.15 above, and any easement appurtenant to such Unit as shown on the Condominium Map, even though no specific reference to such easements or to those Sections appears in any such conveyance.



ARTICLE V

DESCRIPTION OF A CONDOMINIUM BY UNIT NUMBER

Every contract for the sale of a Condominium and every other instrument affecting title to a Condominium may describe that Condominium by the number shown on the Condominium Map with the appropriate reference to the Condominium Map and to this Declaration as each appears on the records of the County Recorder of Blaine County, Idaho, substantially in the following fashion:

"Condominium Unit \_\_\_ as shown on the Condominium Map for Elkhorn Village Condominiums, appearing in the Records of Blaine County, Idaho as Instrument No. \_\_\_\_\_ and as defined and described in that Condominium Declaration for Elkhorn Village 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, including the parking easement referred to in Paragraph 10.9 hereof, and all the limitations on such ownership as described in this Declaration.

ARTICLE VII

THE ASSOCIATION

Section 7.1 Membership. The Articles of Incorporation and By-Laws of the Association are attached hereto as Exhibits "C" and "D", respectively, and are hereby made a part of this Declaration. Every Owner (including Declarant) shall be entitled and required to be a member of the Association. If title to a Condominium is held by more than one person, the membership relating to that Condominium shall be shared by all such persons in the same proportionate interests and by the same type of tenancy in which the title to the Condominium is held. 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 Association, and the Articles of Incorporation or By-Laws of the Association always shall so state and shall in addition state that the memberships in the Association shall be appurtenant to the respective Condominiums and may not be transferred except in connection with the transfer of a Condominium. The rights of membership shall be deemed assigned to a Mortgagee as further security for any loan secured by a lien on a Condominium, but a Mortgagee can only exercise such rights in the event it obtains title to such Condominium by foreclosure or by a proceeding or deed in lieu thereof.

Section 7.2 Voting Rights. The total number of votes which may be cast by all members of the Association shall be as set forth in the Articles of Incorporation and By-Laws of the Association, attached hereto as Exhibits "C" and "D", and each Owner shall be entitled to vote a percentage of the total number of votes of the Association corresponding to such

ARTICLE VI

MECHANIC'S LIEN RIGHTS

No labor performed or services or materials furnished with the consent of or at the request of an Owner or his agent or his contractor or subcontractor shall be the basis for the filing of a lien against the Condominium of any other Owner, or against any part thereof, or against any other property of any other Owner, unless such other Owner has expressly consented to or requested the performance of such labor or furnishing of such materials or services. Such express consent shall be deemed to have been given by the Owner of any Condominium in the case of emergency repairs thereto. Labor performed or services or materials furnished for the Project, if duly authorized by the Association, shall be deemed to be performed or furnished with the express consent of each Owner. Any Owner may remove his Condominium from a lien against two or more 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.

Owner's percentage interest in the Common Area as set forth in Exhibit "B" attached hereto, as said schedule may from time to time be amended upon the addition of Added Property as set forth in Article III above.

Section 7.3 Cumulative Voting. In any election of the members of the Board of Directors of the Association, every Owner (including Grantor) entitled to vote at such election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that Owner is entitled in voting upon other matters multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected. Any director may be removed from office by a vote of a majority of the members entitled to vote at an election of directors; provided, however, that unless the entire Board is removed, an individual director shall not be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of votes cast is divided by one plus the authorized number of directors. If any or all directors are so removed, new directors may be elected at the same meeting.

Section 7.4 Transfer. Except as otherwise expressly stated herein, any of the rights, interests and obligations of the Association set forth herein or reserved herein may be transferred or assigned to any other person or entity; provided, however, that no such transfer or assignment shall relieve the Association of any of the obligations set forth herein. Any such transfer or assignment shall not revoke or change any of the rights or obligations of any Owners as set forth herein.

ARTICLE VIII

CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 8.1 The Management Body. The Association is hereby designated to be the "Management Body" as provided in Sections 55-1505 and 55-1506 of the Idaho Code and shall administer the Project in accordance with the Condominium Property Act of such Code, the Articles of Incorporation and By-Laws of the Association and the provisions of this Declaration.

Section 8.2 General Powers of the Association. The Association shall have all of the powers set forth in its Articles of Incorporation, together with its general powers as a nonprofit corporation, generally to do any and all things that a corporation organized under the laws of the State of Idaho may lawfully do in operating for the benefit of its members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws and in this Declaration and to do any and all lawful things which may be permitted to be done by this Association under this Declaration and to perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association or for the peace, health, comfort, safety and general welfare of the Owners and their guests.

Section 8.3 Special Powers of the Association. In the event that the Association determines that any portion of a Condominium is in need of repair, restoration or painting, or has been constructed or altered without proper approval of the Board, or that there is a violation of any provision of this Declaration, then the Association shall give written notice to the Owner of the condition or violation complained of, and unless the Board

has approved in writing corrective plans proposed by the Owner to remedy the condition complained of within such period of time as may be determined reasonable by the Association after it has given said written notice and such corrective work so approved is completed thereafter within the time allotted by the Association, the Association shall undertake to remedy such condition or violation complained of and the cost thereof shall be charged to the Owner whose Condominium is the subject matter of the corrective work, and to his Condominium, and such cost shall be deemed to be a Special Assessment to such Owner, and subject to levy, enforcement and collection by the Association in accordance with the assessment lien procedure provided for in Section 9.5 of this Declaration.

Section 8.4 The Common Area. The Association, subject to the rights of the Owners set forth in Article IV hereof, shall be responsible for the exclusive management and control of the Common Area (subject to said exclusive easements for use by individual Owners of the Limited Common Area) and all Improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair; however, each Owner of a Condominium shall keep the Limited Common Area designated for use in connection with his Unit in a clean, sanitary and attractive condition, and shall maintain and repair any heating equipment or water heater servicing his Unit exclusively. The Association shall be responsible for the maintenance and repair of exterior surfaces of Buildings and improvements located on the Project, including without limitation, the painting of the same as often as necessary, the replacement of trim and caulking, the maintenance and repair of roofs, the maintenance and repair

of other Common Areas, including utility lines, areas for access to any automobile structures constituting part of the Condominiums and all other improvements or materials located within or used in connection with the Common Area. The Association 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. To the extent not assessed to or paid by the Owners, the Association shall pay all real and personal property taxes and assessments levied upon any portion of the Project. It shall be the affirmative duty of the Association to require strict compliance with all provisions of this Declaration and to inspect the Property for any violations thereof. The cost of such management, maintenance and repair by the Association shall be assessed to the Owners as provided in Article IX.

The Association shall have the right to grant easements for utility purposes over, upon, across, under or through any portion of the Common Area, and each Owner hereby irrevocably appoints this Association as attorney in fact for such purpose.

Section 8.5 Miscellaneous Services. The Association may obtain and pay for the services of any person or entity to manage its affairs (including but not limited to the maintenance of the Common Area or any other Association Property), or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the property operation of the Project, whether such personnel are furnished or employed directly by the Association.

or by any person or entity with whom or which it contracts. The Association 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 Association may arrange with others to furnish electrical, water, sewer, trash collection and other common services to each Unit. Whenever the Association deems it advantageous, such electrical, water or sewer charges shall be separately metered to each Unit. Each Owner shall be responsible to pay for all utility services separately metered to his Unit, and shall make payment for such services directly to the utility concerned. The cost of services not individually metered or otherwise charged to individual Units shall be paid by the Association on behalf of its members in common and shall be included in the Periodic Assessments and assessed to the members as provided in Article IX.

Section 8.6 Personal Property for Common Use. The Association may acquire and hold for the use and benefit of all 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. Such interest shall not be transferable except with the transfer of a Condominium. A transfer of a Condominium, including any transfer of title to a Condominium upon foreclosure, shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each Owner may use such property in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of other Owners.

Section 8.7 Coin Operated Machines. The Association may purchase, lease or grant licenses for the installation of



coin operated machines, including but not limited to washers, dryers and cigarette, soft drink or other vending machines, and may cause the same to be installed in the Common Area, upon such terms as the Association, in its discretion, deems appropriate. The net proceeds of any such machines shall be used by the Association for Association purposes, which may include, defrayal of regular Association expenses or the purchase of Personal Property for Common Use of the Owners as provided in Paragraph 8.6 above.

Section 8.8 Rules and Regulations. The Association may make reasonable rules and regulations governing the use of Units, of the Common Area, and of any personal property owned by the Association, which rules and regulations shall be consistent with the rights and duties established in this Declaration. Such rules and regulations may include, without limitation, assignment of particular portions of storage or other areas within the General Common Area for exclusive use by Owners of particular Condominiums. The Association may suspend any Owner's voting rights in the Association during any period or periods during which such Owner fails to comply with such rules and regulations, or with any other obligations of such Owner under this Declaration. Before invoking any such suspension the Board shall give such person Notice and Hearing. The Association may also take judicial action against any Owner to enforce compliance with such rules, regulations or other obligations or to obtain damages for non-compliance, all to the extent permitted by law.

Section 8.9 Implied Rights. The Association may exercise any other right or privilege reasonably to be implied from the existence of any right or privilege given to it expressly herein or reasonably necessary to effectuate any such right of privilege.

ARTICLE IX

ASSESSMENTS

Section 9.1 Agreement to Pay Assessment. Declarant, for each Condominium owned by it within the Project, and for and as the Owner of the Project and every part thereof, hereby covenants, and each Owner of any Condominium by the acceptance of a deed therefor, whether or not it be so expressed in the deed, shall be deemed to covenant and agree with each other and with the Association to pay to the Association periodic assessments made by the Association for the purposes provided in this Declaration, and special assessments for capital improvements and other matters as provided in this Declaration. Such assessments shall be fixed, established and collected from time to time in the manner provided in this Article.

Section 9.2 Amount of Total Periodic Assessments. Not later than thirty (30) days prior to the beginning of each calendar year, the Association shall estimate the total cash requirements of the Association to provide for the coming year for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Area, or furnishing electrical, water, sewer, trash collection and other common services to each Unit (except such utility services as may be separately metered to each Unit and other services separately charged to a specific Unit), which estimates may include among other things, expenses of management; taxes and special assessments upon the Condominiums until the Condominiums are separately assessed as provided herein; taxes and special assessments upon the Common Area; premiums for all insurance which the Association is required or permitted to maintain pursuant hereto; landscaping and care of grounds; common lighting and heating,

water, sewer, trash collection, and sewer charges; repairs and maintenance of the Common Area, wages for Association employees; road maintenance and snow removal within the Common Area and on adjoining property to the extent deemed desirable by the Board; legal and accounting fees; any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus and/or sinking funds; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration.

Section 9.3 Payment of Periodic Assessments. A sum sufficient to pay the estimated net expenses, computed as provided in Section 9.2, shall be assessed to each Owner in proportion to his interest in the Common Area owned by each. Written notice of the annual assessment for each Condominium shall be given to the Owner thereof, which notice shall specify the amount of the assessment and the date or dates of payment of the same. The Association may, in its discretion, allow assessments to be paid in installments. No payment shall be due less than fifteen (15) days after the date said written notice is given. Each periodic assessment shall bear interest at the rate of eight per cent (8%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Condominium for such assessment, but the date when payment shall become due in such case shall be deferred to a date fifteen (15) days after such notice shall have been given. In the event the Association shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the Association for any reason, it shall promptly determine the

approximate amount of such inadequacy and levy a further assessment which shall be assessed against the Owner of each Condominium in like proportion.

Section 9.4 Special Assessments for Capital Improvements

In addition to the annual assessments authorized by this Article the Association may levy at any time Special Assessments, payable over such period as the Association may determine, 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. In the case of any Improvements, additions or demolishing (other than maintenance or repairs to existing Improvements) involving a total expenditure in excess of One Thousand Dollars (\$1,000) or such higher limit as may be allowed by the California Department of Real Estate from time to time, the vote of a majority of each class of Owners, voting in person or by proxy at a regular or special meeting called for that purpose, approving plans and a maximum total cost therefor shall first be obtained. This Section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to the interest in the Common Area owned by each. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A Special Assessment shall bear interest at the rate of eight per cent (8%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

Section 9.5 Unpaid Assessments As Liens. The amount of any assessment, whether regular or special, assessed to any Owner, plus interest on such assessment at a rate of eight per cent (8%) per annum simple interest and costs, including reasonable attorneys' fees, shall become a lien upon such Condominium upon recordation with the County Recorder of Blaine County, Idaho, of a notice of assessment stating the amount of the claim of delinquency, the interest and costs which have accrued thereon, and designating the Condominium against which it has been assessed and the name of the record Owner thereof. Such notice shall be signed and acknowledged by an officer of the Association. Upon recordation it shall create a lien upon the Condominium described in the amount set forth. Such assessment lien shall be prior to any declaration of homestead recorded after the recording of this Declaration. The lien shall continue for one (1) year from the date of recordation of said notice of assessment; provided, however, that said one (1) year period may be extended by the Association for not to exceed one (1) additional year by recording a written extension thereof. When the lien has been fully paid or satisfied, a further notice releasing the lien shall be recorded. Such lien may be foreclosed in the same manner as is provided in the laws of the State of Idaho for the foreclosure of liens against a Condominium as provided in Section 15-1518 of the Code of Idaho and as otherwise provided by law. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the liens upon any Condominium created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10.00).

Section 9.6 Mortgagee Protection. Notwithstanding all other provisions hereof, no lien created under this Article IX nor any breach of this Declaration, nor the enforcement of any provision hereof shall defeat or render invalid the rights of the Mortgagee under any recorded Mortgage upon a Condominium made in good faith and for value, provided that after the foreclosure of any such Mortgage or conveyance of any Condominium to such Mortgagee by Deed in lieu of foreclosure, such Condominium shall remain subject to this Declaration and the amount of all regular assessments and all special assessments to the extent they relate to expenses incurred subsequent to such foreclosure shall be assessed hereunder to the purchaser at such foreclosure sale.

Section 9.7 Notice of Recording Mortgages. No amendment to this Article IX of this Declaration shall affect the rights of any Mortgagee who does not join in the execution thereof; provided that his Mortgage is recorded prior to the recordation of such amendment.

Section 9.8 Subordination. By subordination agreement executed by the Association, the benefits of Sections 9.6 and 9.7 above may be extended to Mortgagees not otherwise entitled thereto.

Section 9.9 Personal Obligation of Owner. The amount of any periodic or special assessment against any Condominium shall be the personal obligation of the Owner thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish such personal obligation by waiver of the use and enjoyment of any of the Common Area or by abandonment of his Condominium.

Section 9.10 Personal Liability of Purchaser for Assessments. Subject to the provisions of Section 9.5, 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

USE OF CONDOMINIUMS

Section 10.1 General Uses.

A. Residential Units. Each Residential Unit shall be used for residential purposes only, and no trade or business of any kind may be carried on therein, except that:

(i) Lease or rental of a Residential Condominium or of a portion or portions thereof for lodging or residential purposes shall not be considered to be a violation of this Declaration.

(ii) Declarant or a person designated by the Association as the agent of the Association for purposes of managing the Property may maintain management offices and facilities in a Residential Unit or in a temporary structure constructed on the Project.

(iii) Declarant may use any Condominium owned by Declarant as a sales office or display model, may display sale materials or signs in or about such Condominium or anywhere within the Common Area, and may carry on sales activities therein connected with the sale of Condominiums in the Project.

B. Commercial Units. Each Commercial Unit shall be used only for commercial purposes, including but not limited to general and specialty shops, restaurants, coffee shops, bars and cocktail lounges, service shops and as barber or beauty shops, and laundry and dry cleaning establishments or for other similar commercial uses.

Section 10.2 Use of Common Area. There shall be no obstruction of the Common Area, nor shall anything be stored on any part of the Common Area without the prior written consent of the Association. Nothing shall be altered on, constructed in, or removed from, the Common Area, except upon the prior written consent of the Association.



Section 10.3 Prohibition of Damage and Certain

Activities. Nothing shall be done or kept in any Unit or in the Common Area or any part thereof which would result in the cancellation of the insurance on the Project or any part thereof, or would increase the cost of such insurance without the prior written consent of the Association. Nothing shall be done or kept in any Unit or in the Common Area or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Area or any part thereof shall be committed by any Owner, his family, or any licensee, lessee or invitee of any Owner. No noxious destructive or offensive activity shall be carried on in any Unit or in the Common Area or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any other Owner or to any person at any time lawfully residing in the Project, nor shall any loud noises be permitted on the Property and the Board of Directors of the Association shall have the right to determine if any noise or activity producing noise constitutes a nuisance, making suitable allowance, in the case of a Commercial Unit, for the nature of the business conducted therein.

Section 10.4 Animals. The Association may by rules or regulations prohibit or limit the raising, breeding, or keeping of animals in any Unit or on the Common Area or any part thereof.

Section 10.5 Rules and Regulations. No Owner shall violate the rules and regulations for the use of the Units and of the Common Area as adopted from time to time by the Association, provided that no Rule or Regulation which may be adopted or enforced by the Association shall be deemed to apply to the conduct of business within or in connection with any Commercial Unit, provided further, however, that no use of the Commercial Units shall unreasonably restrict the use of the Common Area by any

Owner of a Residential or Commercial Unit, or access to any Residential or other Commercial Unit.

Section 10.6 Maintenance of Interiors. Each Owner shall keep the interior of his Unit including, without limitation, interior walls, windows, glass, ceilings, floors and permanent fixtures and appurtenances thereto, in a clean, sanitary and attractive condition, and good state of repair, and shall keep the Limited Common Area designated for use in connection with his Unit in clean, sanitary and attractive condition, and shall keep any heating equipment and water heating serving his Unit exclusively in a good state of maintenance and repair.

Section 10.7 Structural Alterations. No structural alterations or exterior alterations to any Unit shall be made, and no plumbing, electrical or similar work within the Common Area shall be done by any Owner without the prior written consent of the Association, except that an Owner may do such work as may be appropriate to maintain and repair the Limited Common Area appurtenant to such Owner's Unit.

Section 10.8 Outside Installations. No clotheslines, wiring or installation of air conditioning or other machines shall be installed on the exterior of a Building or the Project or be allowed to protrude through the walls, windows or roof of a Building, unless the prior written approval of the Board of Directors is secured.

Section 10.9 Parking Easement and Liability For Parking Lot Assessments. Declarant has recorded in the Real Property Records of Blaine County, State of Idaho, as Instrument No. 146339, Book \_\_\_\_\_, Page \_\_\_\_\_, a "Supplement Declaration of Covenants, Conditions and Restrictions for Village Area Parking Lot" (hereinafter the "Parking Lot Declaration")

dedicating the property thereto (hereinafter the "Parking Lot") for motor vehicle parking and incidental purposes, and providing that property can be added to the Parking Lot as set forth in Article 6 thereof.

Upon the conveyance by Declarant of each Condominium within the Project to the first Owner thereof other than Declarant Declarant shall be deemed to have granted a non-exclusive easement for parking purposes in the form of Exhibit "E". Such easement shall be in the Parking Lot as the servient tenement and shall be appurtenant to each such Condominium as a dominant tenement.

The Owner of each Condominium within the Project is declared to be a "Parking Lot User" as that term is defined in the Parking Lot Declaration, and shall have all the rights and obligations of a Parking Lot User as set forth therein, including the obligation to pay his prorata share of any assessments levied by the Master Association for maintenance of the Parking Lot as set forth in Article 4 thereof, and in the event such assessment is not timely paid, the Condominium of such Owner shall be subject to lien therefor, as provided in said Parking Lot Declaration.

ARTICLE XI

INSURANCE AND INDEMNIFICATION

Section 11.1 Types of Insurance. Provided such insurance is reasonably available, the Association 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 Association to obtain and maintain insurance coverage in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association may deem appropriate from time to time.

A. Casualty Insurance. The Association 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, and such other risks and hazards against which the Association shall deem it appropriate to provide insurance protection. The Association may comply with the above requirements by the purchase of blanket coverage and may elect such "deductible" provisions as in the Association's opinion are consistent with good business practice.

B. Public Liability and Property Damage Insurance  
The Association 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 Association, and activities in connection with the ownership, operation, maintenance and other use of the Project.

C. Workmen's Compensation and Employer's Liability Insurance. The Association shall purchase workmen's compensation and employer's liability insurance and all other similar insurance in respect of employees of the Association in the amounts and in the forms now or hereafter required by law.

D. Fidelity Insurance. The Association shall purchase, in such amounts and in such forms as it shall deem appropriate, coverage against dishonesty of employees, destruction or disappearance of money or securities, and forgery.

E. Other. The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Project, including any personal property of the Association located thereon.

Section 11.2 Optional Insurance. The Association may obtain the following types of insurance coverage, but it is not required to do so:

A. Personal Property Casualty Insurance. The Association may in its discretion obtain insurance on the personal property and furnishings initially placed in the Units of Owners by Declarant upon completion of construction of the Project in such amounts as shall provide for the full replacement thereof in the event damage or destruction from casualties against which such insurance is obtained.

B. Casualty and Public Liability Insurance. The Association may in its discretion obtain casualty and public liability insurance coverage, in amounts it may select, with respect to the Common Area.

Section 11.3 Form. Casualty insurance shall be carried in a form or forms naming the Association the insured as trustee for the Owners as their respective interests in the Common Area may appear as to the Common Area, and which shall specify the interest of each Condominium Owner in the Condominium owned by him (by Unit number and percentage of undivided interest in the Common Area or by reference to the schedule attached to this Declaration) and which policy or policies shall provide a standard loss payable clause providing for payment of insurance proceeds to the Association as trustee for the Owners and for the Mortgagees under first Mortgages upon the Project or any portion thereof, such proceeds to be used in accordance with this Declaration. Each policy shall 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 Association shall furnish to each Owner who requests it and to Declarant a true copy of each 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 Association and each of the Owners as the insureds, and shall insure each Owner against liability for acts of the Association in connection with the ownership, operation, maintenance or other use of the Project.

Section 11.4 Insurance Proceeds. The Association shall receive the proceeds of any casualty insurance payments received under policies obtained and maintained pursuant to this Article. The Association shall determine the amount of the proceeds attributable to damage to the Common Area, and to the various Units. To the extent that reconstruction is required, the proceeds shall be used for such purpose. To the extent that reconstruction is not required and there is a determination that the Project shall not be rebuilt as provided in Article XII hereof, the proceeds shall be distributed in the manner provided in Section 13.4 herein in the event of sale of obsolete Units. Each Owner and each Mortgagee shall be bound by the apportionments of damage and of the insurance proceeds made by the Association pursuant hereto.

Section 11.5 Liability and Indemnification. Each Owner shall be liable to the Association for any damage of any type to the Common Area or any equipment thereon which may be sustained by reason of the negligence of said Owner or of his family or any

licensee, lessee or invitee, to the extent that any such damage shall not be covered by insurance carried by the Association. Each Owner does further, by the acceptance of his deed, agree to indemnify each and every other Owner, and to hold him or her harmless from any claim of any person for personal injuries or property damage occurring within the Unit of the Owner, unless said injury or damage shall occur by reason of the negligence of any other Owner temporarily visiting such Unit, and each Owner further agrees to defend, at his expense, any and all remaining Owners who may be sued by any person on a claim for personal injury or property damage alleged to have been sustained within the Unit of that Owner.

Neither Declarant, any member of the Board, any officer of the Association, nor the Manager shall be personally liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association, the Board, the Manager or any other representatives or employees of the Association, representative or employee provided that such Board member or the Manager has, upon the basis of such information as may be possessed by him acted in good faith.

Section 11.6 Owner's Own Insurance. Nothing herein shall prevent any Owner from obtaining insurance at his own expense providing coverage upon his Condominium, his personal property, for his personal liability, or 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 any insurance policies which the Association obtains pursuant to this Article. Insurance coverage on the furnishings initially placed in the Unit by



Declarant (unless the Association, pursuant to Section 11.2 hereof, elects to insure such furnishings) and casualty and public liability insurance coverage within each individual Unit and for activities of the Owner, not acting by the Association (unless the Association, pursuant to Section 11.2 hereof, elects to arrange for such casualty insurance), and insurance coverage on items of personal property placed in the Unit by the Owner, and against loss from theft on all personal property, shall be the responsibility of the respective Owners. All such insurance carried by the Owner shall waive the insurance company's right of subrogation against Declarant, Manager, the Association, the other Owners, and the servants, agents and guests of any of them, if such waiver can be obtained in the normal practice without additional premium charge therefor.

ARTICLE XIII

CASUALTY, DAMAGE OR DESTRUCTION

Section 12.1 Association as Agent. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute such appointment.

Section 12.2 General Authority of Association. As attorney in fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of a Condominium Owner which may be necessary or appropriate to exercise the powers herein granted. Repair and reconstruction of the improvements as used in the succeeding subparagraphs means restoring the Project to substantially the same condition in which it existed prior to damage, with each Unit and the Common Area having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Association for the purpose of repair or reconstruction unless the Owners agree not to rebuild in accordance with the provisions set forth hereinafter.

Section 12.3 Estimate of Costs. As soon as practical after an event causing damage to, or destruction of, any part of the Project, the Association shall obtain estimates that it deems reliable and complete of the costs of restoration or repair of that part of the Project damaged or destroyed.

Section 12.4 Destruction.

A. Partial Destruction. Except as otherwise provided in this Declaration, in the event of partial destruction of the Project, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article XI hereof, shall be used for such purpose, subject to the prior rights of beneficiaries of deeds of trust whose interest may be protected by said policies. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least eighty-five per cent (85%) of the estimated cost of restoration and repair, or if the estimated cost of restoration and repair shall exceed the amount of any insurance proceeds available for such purpose by less than \$100,000.00, a Special assessment of the Owners, with each Owner contributing a sum in proportion to his interest in the Common Area, may be levied by the Association to provide the necessary funds for such restoration and repair. In the event the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than eighty-five per cent (85%) of the estimated cost of restoration and repair, and the balance needed shall exceed \$100,000.00, the Owners by the vote of not less than seventy-five per cent (75%) of the votes cast by the Owners present and entitled to vote, in person or by proxy, at a duly constituted meeting of the members of the Association may determine not to make such repairs. In the event of a determination by the Owners as provided above not to proceed with such restoration and repair, the Owners may, at their discretion, proceed as provided in Section B below.

B. Total Destruction. In the event of the total destruction of the Project, the Owners, by said requisite vote, shall likewise have the authority to determine whether said improvements shall be rebuilt, or whether the Project shall be sold. In the event of a determination to rebuild, the necessary funds shall be raised as provided in Section 1 above, and the Association shall be authorized to have prepared the necessary plans, specifications and maps, and to execute the necessary documents to effect such reconstruction as promptly as practical. A certificate of the resolution authorizing such reconstruction shall be filed within the Records of Blaine County, Idaho, within six (6) months from the date of such destruction and in the event of a failure to record such certificate within said period, it shall be conclusively presumed that the Owners have determined not to rebuild said improvements. In the event of a determination not to rebuild, the Association shall be authorized to have prepared and to file, as promptly as practical, a corrected subdivision map, converting the Project into an unimproved parcel of land, which shall be offered for sale at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. The net proceeds of such sale, and the proceeds, if any, of insurance carried by the Association, shall be divided proportionately among the Owners, such proportion to be based upon the percentage of interest of each Owner in the Common Area, provided that the balance then due on any valid encumbrances of record shall be first paid in order of priority before the distribution of any proceeds to any Owner whose Condominium is so encumbered.

Section 12.5 Specifications for Repairs. Such restoration or repair, if undertaken, shall be in accordance with the original plans and specifications of the Project or may be in accordance with any other plans and specifications the Association may approve, provided that in such latter event the number of cubic feet and the number of square feet of any Unit may not vary by more than five per cent (5%) from the number of cubic feet and the number of square feet for such Unit as originally constructed pursuant to such original plans and specifications, and the location of the Buildings shall be substantially the same as prior to damage or destruction.

Section 12.6 Disbursement of Funds for Repair or Reconstruction. The insurance proceeds held by the Association and the amounts received from the assessments provided for in Section 12.4 shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for cost of repair or reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair or reconstruction, such balance shall be distributed to the Owners in proportion to the contributions by each Owner pursuant to the assessments by the Association under Section 12.4 of this Declaration.

Section 12.7 Right to Partition. In the event that a certificate of a resolution to rebuild or restore has not been recorded as provided above within six (6) months from the date of any partial or total destruction, or if restoration has not actually commenced within said period, then each Owner shall have the right to partition of his interest in the Project.

Section 12.8 Interior Damage. Restoration and repair of any damage to the interior of any individual Unit shall be made by and at the individual expense of the Owner of that Unit and, in the event of a determination to rebuild after partial or total destruction, shall be completed as promptly as practical and in a lawful and workmanlike manner.

ARTICLE XIII

OBSOLESCENCE

Section 13.1 Adoption of a Plan. The Owners, as reflected on the records of the County Recorder of Blaine County Idaho, representing an aggregate record ownership interest of eighty-five per cent (85%) or more of the Units may agree at any time after December 31, 2012, that the Project is obsolete and adopt a written plan for the renewal and reconstruction, which plan has the unanimous approval of all first Mortgagees of record at the time of the adoption of such plan. Written notice of adoption of such a plan shall be given to all Owners. Such plans shall be recorded in the records of the County Recorder of Blaine County, Idaho.

Section 13.2 Payment for Renewal and Reconstruction. The expense of renewal or reconstruction shall be payable by all of the Owners as assessments against their respective Condominiums. These assessments shall be levied in advance pursuant to Article IX hereof and shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

Section 13.3 Dissents from the Plan. An Owner not a party to such a plan for renewal or reconstruction may give written notice of dissent to the Association within fifteen (15) days after the recordation of such plan. The Association shall then given written advice of such dissents to all the Owner within five (5) days after the expiration of such fifteen (15) day period. Within fifteen (15) days of receipt of such notice from the Association, the Owners, representing an aggregate

record ownership of more than fifteen per cent (15%) of the Units, may cancel the plan by written instrument recorded in the real estate records of Blaine County, Idaho. If the plan is not cancelled, then the Condominium of each dissenter shall be purchased according to the following procedures.

If the Owner and the Association can agree on the fair market value thereof, then such sale and conveyance shall be completed within sixty (60) days thereafter. If the parties are unable to agree, the date when either party notifies the other that he or it is unable to agree with the other shall be the "Commencing Date" from which all periods of time mentioned herein are measured. Within ten (10) days following the Commencing Date, each party shall nominate a qualified appraiser by written nomination and shall give notice of such nomination to the other. If either party fails to make such nomination, the appraiser nominated shall, within five (5) days after default by the other party, appoint and associate with him another qualified appraiser. If the two appraisers designated by the parties, or selected pursuant hereto in the event of default of one party, are unable to agree, they shall appoint another qualified appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire then each appraiser previously appointed shall nominate two qualified appraisers, and from the names of the four persons so nominated one shall be drawn by lot by a judge of any court in Idaho, and the person whose name is so drawn shall be the umpire. The nominations from among which the name of the umpire is to be drawn by lot shall be submitted within ten (10) days after the failure of the two appraisers to agree, which, in any event, shall be no later than twenty (20) days following the appointment of the second appraiser. The decision of the



appraisers as to the fair market value, or in the case of their disagreement, the decision of such umpire shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within sixty (60) days after decision of the appraisers, and the Association as attorney in fact shall disburse the proceeds in the same manner provided in Section 13.4 of this Declaration. The obligation of the Association to make such purchase shall be conditioned on the fair market value of the Condominium exceeding the obligations secured by liens on such Condominium, and upon the marketability of the title of the Owner. Owner shall furnish the Association an appropriate abstract of title or commitment and title insurance evidencing marketability of his title not less than fifteen (15) days prior to the date set for completion of the sale.

The Association, pursuant to Article IX hereof, may levy a special assessment sufficient to provide funds to pay for the Condominiums of the dissenters; provided that such assessment shall not apply to any of the Owners who are among the dissenters and shall not be liens against the Condominiums of such Owners.

Section 13.4 Sale of Obsolete Units. The Owners representing an aggregate ownership interest of sixty-six and two-thirds per cent (66-2/3%) or more of the Units may agree at any time after December 31, 2012, that the Condominiums are obsolete and that the Project should be sold. Such an agreement must have the unanimous approval of every first Mortgagee of record at the time such agreement is made. In such instance the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association the Project shall be sold by the Association as attorney

in fact for all of the Owners free and clear of the provisions contained in this Declaration, the Condominium Map and the Articles By-Laws of the association. The sale proceeds shall be apportioned among the Owners in proportion to their respective interest in the Common Area, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Condominium. Each such account shall remain in the name of the Association, and shall be further identified by the Condominium designation and the name of the Owner. From each separate account the Association, as attorney in fact, shall use and disburse the total amount of such accounts without contribution from one account to the other, first to Mortgagees and other lienors in the order of priority of their Mortgages and other liens and the balance remaining to each respective Owner.

Section 13.5. Distribution of Excess. In the event amounts collected pursuant to Section 13.2 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in an amount proportionate to the respective amount collected from each such Owner.

ARTICLE XIV

CONDEMNATION

Section 14.1 Consequences of Condemnation. If at any time or times during the continuance of the Condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance the the following provisions shall apply.

Section 14.2 Proceeds. All compensation, damages, or other proceeds therefrom, the sum of which is hereafter called the "Condominium Award", shall be payable to the Associa

Section 14.3 Complete Taking. In the event that th entire Project is taken or condemned, or sold or otherwise disp of in lieu of or in avoidance thereof, the Condominium ownershi pursuant hereto shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to their respecti interests in the Common Area, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

On the basis of the principle set forth in the last preceding paragraph, the Association shall as soon as practical determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practical in the same manner provided in Section 13.4 of this Declaration.

Section 14.4 Partial Taking. In the event that less than the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner:

As soon as practicable the Association shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated among the Owners as follows: (a) the total amount allocated to taking of or injury to the Common Area shall be apportioned among the Owners in the percentages set forth in Exhibit "B"; (b) the total amount allocated to severance damages shall be apportioned to those Condominiums which were not taken or condemned; (c) the respective amounts allocated to the taking of or injury to a particular Unit and/or improvements as Owner has made within his own Unit shall be apportioned to the particular Unit involved; and (d) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made in the same manner provided in Section 13.4 of this Declaration.

Section 14.5 Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association. Thereafter the Association shall reallocate the ownership

voting rights, and assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such reallocation to the Owners of the remaining Units for amendment of this Declaration as provided in Article XV hereof.

Section 14.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XII above.

Section 14.7 Arbitration. In the event any dispute shall arise between the parties under the terms of this Article such dispute shall be decided by arbitration pursuant to the rules of the American Arbitration Association, except as modified herein. The arbitrators shall decide any dispute submitted to them by applying the laws of the State of Idaho, and shall make written findings of fact and conclusions of law, if requested by either party. Such a decision may be reviewed by the Superior Court of Blaine County, in the same manner and applying the same standards of review as are applied on appeal from the decision of the trial court.

ARTICLE XV

DURATION AND AMENDMENT

Section 15.1 Duration. Unless previously terminated in the manner provided in Article XIII (Obsolescence) or Article XIV (Condemnation), this Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a declaration of termination meeting the requirements of an amendment to this Declaration as set forth in Section 15.2 below is recorded in the public records of Blaine County, Idaho. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant membership in the Association as long as this Declaration shall continue in full force and effect.

Section 15.2 Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by a Condominium Owner at a meeting of members of the Association. The resolution shall be adopted by approval of Condominium Owners owning in the aggregate not less than a seventy-five per cent (75%) interest in the Common Area. A copy of each amendment shall be certified by at least two officers of the Association and the amendment shall be effective when recorded in the public records of Blaine County, Idaho;

provided further, that any of the following amendments to be effective must also be approved in writing by the record holder of all encumbrances on any Condominiums at the time of such amendment:

A. Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to encumbrancers.

B. Any amendment which would necessitate an encumbrancer after it has acquired a Condominium through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing prior to such foreclosure.

C. Any amendment which would or could result in an encumbrance being cancelled by forfeiture, or in the individual Condominiums not being separately assessed for tax purposes.

D. Any amendment relating to the insurance provisions as set out in Article XI hereof, or to the application of insurance proceeds, or to the disposition of any money received in any taking under condemnation proceedings.

A certificate, signed and sworn to by two officers of the Association, that Owners holding at least a seventy-five per cent (75%) interest in the Common Area have either voted for or consented in writing to any amendment adopted as above provided, when recorded, shall be conclusive evidence of such fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. Any amendment which requires the written consent of all the record holders of encumbrances shall be signed and sworn to by all such encumbrancers. When recorded, it shall be noted that such amendment has been so approved.

Notwithstanding the above, any amendment required by the California Commissioner of Real Estate not in conflict with laws of the State of Idaho shall not require a Notice or Hearing and shall be effective upon recordation with the Blaine County Recorder of:

(1) An instrument in writing signed and acknowledged by Declarant setting forth the amendment; and

(2) An instrument in writing signed and acknowledged by the president and secretary of the Association or the Master Association certifying that such amendment is required by the California Commissioner of Real Estate as a condition to the sale in California of Condominiums in the Proj



ARTICLE XVI

MISCELLANEOUS

Section 16.1 Legal Proceedings. Failure to comply with the provisions of this Declaration, the Articles of Incorporation, the By-Laws of the Association, or the Condominium Rules and Regulations, as the same may be lawfully amended from time to time, shall be grounds for relief which may include, without limitation, the same, an action to recover sums due for damages, injunctive relief, foreclosure of liens, or any combination thereof, which relief may be sought by the Association or, if appropriate, by an aggrieved Owner. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Project, and any violation of this Declaration shall be deemed to be a nuisance. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision, or any other provision hereof. Any Owner not at the time in default hereunder, or Declarant, shall be entitled to bring an action for damages against any defaulting Owner, and in addition may enjoin any violation of this Declaration. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorney's fees in such amount as the court may deem reasonable, in favor of the prevailing party. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive.

Section 16.2 Registration of Mailing Address. Each Owner shall register his mailing address with the Association

and all notices or demands intended to be served upon any Owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices or demands intended to be served on Mortgagees pursuant hereto shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the Mortgagee at such address as the Mortgagee may have furnished to the Association in writing. Unless the Mortgagee furnishes the Association such address, the Mortgagee shall be entitled to receive none of the notices provided for in this Declaration. Any notice referred to in this Section shall be deemed given when deposited in the United States mail in the form provided for in this Section.

Section 16.3 Transfer of Declarant's Rights. Any right or any interest reserved hereby to the Declarant may be transferred or assigned by the Declarant either separately or with one or more of such rights or interests, to any person or entity.

Section 16.4 Owners' Obligations Continue. All obligations of each Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may have sold or rented said interest as provided herein but the Owner of a Condominium shall have no personal obligation for expenses or other obligations accruing prior to his acquisition of such Condominium, other than unpaid assessments as provided in Sections 9.5 and 9.10 above.

Section 16.5 Number and Gender. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

Section 16.6 Severability. In any of the provisions of this Declaration or any clause, paragraph, sentence, phrase or word or the application thereof in any circumstances be invalidated, such invalidity shall not affect the validity of the remainder of the Declaration, and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

Section 16.7 Construction by Declarant. Nothing in this Declaration shall limit the right of Declarant to complete construction of improvements to the Common Areas and to Units owned by Declarant or to alter the foregoing, or to construct such additional improvements as Declarant deems advisable prior to completion and sale of the entire Project. Such right shall include but shall not be limited to erecting, constructing and maintaining on the Project such structures and displays as may be reasonably necessary for the conduct of its business of completing the work and disposing of the same by sale, lease or otherwise. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchaser from Declarant to establish on the Project additional easements, reservations and rights of way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Project. Prospective purchasers and Declarant shall have the right to use all Common Areas and Limited Common Areas for access to the sales facilities of Declarant. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant hereunder may be assigned by Declarant to any successor to all or part of Declarant's interest in the

Project, by an express assignment incorporated in a recorded deed transferring such interest to such successor.

Section 16.8 Statute. The provisions of this Declaration shall be in addition and supplemental to the Condominium Property Act of the State of Idaho and to all other provisions of law.

THIS DECLARATION is executed on this 7<sup>th</sup> day of NOVEMBER, 1972.

ELKHORN AT SUN VALLEY,  
an Idaho Joint Venture

By Jack Marshall

By Harry Holmes

Its Authorized Agents

"Declarant"

STATE OF IDAHO )  
                  ) ss.  
COUNTY OF BLAINE )

On this 7<sup>th</sup> day of November, 1972, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared Jack Marshall and Harry Holmes, known to me to be the duly authorized agents of ELKHORN AT SUN VALLEY and who affirmed to me that they had been authorized by ELKHORN AT SUN VALLEY, a Joint Venture consisting of DOLLAR MOUNTAIN COMPANY, INC. and JOHNS-MANVILLE IDAHO, INC., to execute the foregoing instrument for and on behalf of the Joint Venture.

WITNESS my hand and official seal.

Mary C. Gillman  
Notary Public in and for  
said County and State

My Comm. Expires July 14, 1975

PARCEL A

Those portions of Parcel One designated as Building I, Building II, Building III, Building IV and Breezeway on the Condominium Map for Elkhorn Village Condominiums appearing in the Records of Blaine County, Idaho as Instrument No. 146337

PARCEL B

Township 4 North, Range 18 East of the Boise Meridian, Blaine County, Idaho: Section 17: ALL, except N 1/2 NW 1/4.

EXHIBIT "A"

Village Condominiums

Percentage of Ownership Interest in the Common Area

<u>Unit No.</u>	<u>Percentage Ownership</u>	<u>Number Of Votes</u>
1	1.0350	103.50
2	.9659	96.59
3	.9659	96.59
4	1.0350	103.50
5	1.0350	103.50
6	.9659	96.59
7	.9659	96.59
8	.9659	96.59
9	1.0350	103.50
10	.9659	96.59
11	.9659	96.59
12	1.0350	103.50
13	1.0350	103.50
14	.9659	96.59
15	.9659	96.59
16	.9659	96.59
17	1.1039	110.39
18	1.1039	110.39
19	1.1039	110.39
20	1.1039	110.39
21	1.1039	110.39
22	1.1039	110.39
23	1.1039	110.39
24	1.1039	110.39
25	1.0350	103.50
26	.9659	96.59
27	.9659	96.59
28	1.0350	103.50
29	.9659	96.59
30	.9659	96.59
31	.9659	96.59
32	1.0350	103.50
33	1.0350	103.50
34	.9659	96.59
35	.9659	96.59
36	1.0350	103.50
37	.9659	96.59
38	.9659	96.59
39	.9659	96.59
40	1.0350	103.50
41	1.1039	110.39
42	1.1039	110.39
43	1.1039	110.39
44	1.1039	110.39
45	1.1039	110.39

EXHIBIT "B"

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46	1.1039	110.39
47	1.1039	110.39
48	1.1039	110.39
49	.9659	96.59
50	.9659	96.59
51	.9659	96.59
52	1.0350	103.50
53	.9659	96.59
54	.9659	96.59
55	.9659	96.59
56	1.0350	103.50
57	1.0350	103.50
58	.9659	96.59
59	.9659	96.59
60	1.0350	103.50
61	1.1039	110.39
62	1.1039	110.39
63	1.1039	110.39
64	1.1039	110.39
65	1.1039	110.39
66	1.1039	110.39
67	1.1039	110.39
68	1.1039	110.39
69	1.0350	103.50
70	.9659	96.59
71	.9659	96.59
72	.9659	96.59
73	1.0350	103.50
74	.9659	96.59
75	.9659	96.59
76	.9659	96.59
77	1.0350	103.50
78	.9659	96.59
79	.9659	96.59
80	1.0350	103.50
81	1.1039	110.39
82	1.1039	110.39
83	1.1039	110.39
84	1.1039	110.39
85	1.1039	110.39
86	1.1039	110.39
87	1.1039	110.39
88	1.1039	110.39
3-A	1.2313	123.13
3-B	1.2586	125.86
3-C	.2918	29.18
4-A	.6202	62.02
4-B	3.3930	393.30
4-C	1.6418	164.18
4-D	.7661	76.61

EXHIBIT "B"

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BY-LAWS  
OF  
ELKHORN VILLAGE CONDOMINIUM ASSOCIATION, INC.

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ARTICLE I

PRINCIPAL OFFICE

The principal office of the Association shall be in the Village of Sun Valley, County of Blaine, State of Idaho. The Association may have such other offices, either within or without the State of Idaho, as the Board of Directors may determine, or the affairs of the Association may require.

ARTICLE II

BOARD OF DIRECTORS

1. General Powers. The property, business and affairs of the Association shall be controlled and managed by the Board of Directors.

2. Number. The Board of Directors shall consist of three (3) members. The Board of Directors may be increased by amendment of these By-Laws, provided, however, that the number of directors shall not be increased to more than nine (9) or decreased to less than three (3); and provided further that a reduction in the number of directors by amendment of these By-Laws shall not have the effect of reducing the term of an incumbent director.

3. Qualifications; Election; Term. Directors need not be members of the Association and shall be elected by the members at their annual meeting. In any election of the members of the Board of Directors of the Association, every Owner (including Grantor) entitled to vote at such election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that Owner is entitled in voting upon other matters multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected. Any director may be removed from office by a vote of a majority of the members entitled to vote at an election of directors; provided, however, that unless the entire Board is removed, an individual director shall not be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of votes cast is divided by one plus the authorized number of directors. If any or all directors are so removed, new directors may be elected at the same meeting. Directors shall serve the term of one (1) year and until their successors are duly elected and qualified.



4. Removal; Resignation. Any director may be removed from office by a vote of a majority of the members entitled to vote at an election of directors; provided, however, that unless the entire Board is removed, an individual director shall not be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of votes cast is divided by one plus the authorized number of directors. If any or all directors are so removed, new directors may be elected at the same meeting. Any director may resign by submitting a written notice to the Board of Directors stating the effective date of his resignation, and acceptance of the resignation shall not be necessary to make it effective.

5. Vacancies. Any vacancy occurring on the Board of Directors whether by removal, resignation, death, or otherwise, shall be filled by majority of the remaining directors though less than a quorum of the Board. A director selected to fill a vacancy on the Board of Directors shall hold office until the next annual election of directors and until his successor is duly elected and qualified.

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

7. Notices; Waiver. Five (5) days' notice of special meetings shall be given to each director by the secretary-treasurer. Such notice may be given orally, in person, or in writing, served on or mailed or telegraphed to each director. Written waiver of notice signed by, or attendance at a meeting of the Board of Directors by a director shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in said notice.

8. Quorum; Vote Required; Adjournment. At any meeting of the Board of Directors a majority of the qualified directors shall constitute a quorum. If a quorum is present, the action of a majority of the directors present and voting shall be the act of the Board of Directors. If a quorum is not present, the majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting.

9. Action of Directors without a Meeting. Any action required to be taken or any other action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all the directors entitled to vote in respect to the subject matter thereof.

ARTICLE III

OFFICERS

1. General. The officers of the Association shall be president, one or more vice presidents, and a secretary-treasurer, all of whom shall be elected by the Board of Directors serve at the pleasure of the Board.

2. President. The president shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall direct, supervise, co-ordinate, and have general control over the affairs of the Association and shall have the powers generally attributable to the chief executive officer of an association. The president shall be a director and shall preside at all meetings of the members of the Association.

3. Vice President. A vice president shall act in place of the president in case of his death, absence, inability, or failure to act and shall perform such other duties and have such authority as from time to time delegated to him by the Board of Directors or by the president. The vice president shall be a director; however, if the Board of Directors elects more than one vice president, only one so elected need be a director.

4. Secretary Treasurer. The Secretary-Treasurer shall be the custodian of the records and the seal of the Association and shall affix the seal to all documents requiring the same, and shall see that all notices are duly given in accordance with the provisions of these By-Laws as required by law, and that the books, reports and other documents and records of the Association are properly kept and filed. The secretary-treasurer shall have charge and custody of, and be responsible for all sorts of securities of the Association. He shall deposit all such funds in the name of and to the credit of the Association in such banks and depositories as shall be designated by the Board of Directors. He shall keep books of account and records of his transactions and of the financial condition of the Association and shall submit such reports thereof as the Board of Directors may from time to time require, and in general shall perform all of the duties incident to the office of secretary-treasurer and such other duties as may from time to time be assigned to him by the Board of Directors or the president. The Board may appoint one or more assistant secretary-treasurers who may act in the place of the secretary-treasurer in case of his death, absence, inability or failure to act.

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

6. Delegating of Powers. In case of absence of any officer of the Association or for any other reason that may seem sufficient to the Board of Directors, the Board may delegate his duties and powers for the time being to any other officer or any director.

ARTICLE IV

RIGHTS, DUTIES AND OBLIGATIONS OF  
THE MEMBERS OF THE ASSOCIATION

1. Membership. Every Owner of a Condominium Unit shall be a member of the Association, and no person or entity other than an Owner of a Condominium Unit may be a member of the Association. If title to a Condominium Unit is held by more than one person, the membership related to that Condominium Unit shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which the title to the Condominium Unit is held. Memberships in the Association shall not be transferred except in connection with the transfer of a Condominium Unit. Provided, however, that the rights of membership may be assigned as further security for a loan secured by a lien on a Condominium Unit.

2. Transfer of Membership. Transfer of membership in the Association shall occur upon the transfer of a title to the Condominium Unit to which the membership pertains; however, the Association shall be entitled to maintain the person, persons or entity in whose name or names the membership is recorded on the books and records of the Association until such time as evidence of the transfer of title satisfactory to the Association has been submitted to the secretary-treasurer. A transfer of membership shall not release the transferor from liability or obligation accrued and incidental to such membership prior to such transfer. In the event of dispute as to ownership of a Condominium Unit and to the membership appurtenant thereto, title to the Condominium Unit as shown on the public records of the County of Blaine, State of Idaho, shall be determinative.

3. Voting Rights.

A. Each member shall be entitled to receive a certificate of membership, which certificate shall state the number of votes he is entitled to cast as a member of the Association.

B. There shall be one membership in the corporation for each Condominium in Elkhorn Village Condominium Association, Inc., as established in the Declaration; until such time as any Added Property is added to the Project, the total number of memberships shall be not more than 88. Upon the addition of any Added Property to the Project, each Owner of a Condominium in the Added Property shall also be entitled to a membership in the Association, and the number of votes to which the Owner of each existing and new Condominium shall be entitled shall be as set forth in the Notice of Addition of Property to Condominium Project. The members of the corporation must be and remain Owners of Condominiums within the Project set forth in the Declaration, and the Association shall include all Owners of Condominiums within the Project. If title to a Condominium is held by more than one person, the membership relating to that Condominium shall be shared by all such persons in the same proportionate interest and the same type of tenancy in which the title to the Condominium is held.

C. No person or entity other than an Owner may be a member of the Association. A member shall not assign or transfer his membership certificate except in connection with the transfer or sale of a Condominium; provided, however, that the rights of membership may be assigned as further security for a loan secured by a lien on a Condominium Unit. Every person or entity who is an Owner of any Condominium Unit included in any Condominium Project for which the Association has been or may be designated as a Management Body shall be required to be a member of the Association and remain a member so long as such person or entity shall retain the ownership of a Condominium Unit. Membership in the Association is declared to be appurtenant to the title of the Condominium Unit upon which such membership is based and automatically shall pass with the sale or transfer of the title of the Unit. Members shall not have pre-emptive rights to purchase other memberships in the Association or other Condominium Units in the Project.

D. The voting rights of a member of the Association shall be determined by the Owner member's percentage interest in the Common Area of the Condominium Project described in the Declaration, as the term "Common Area" is defined in Section 55-1503 of the Idaho Code; therefore, the voting rights of each member Owner will not in all cases be equal. The Declaration, or the most recent Notice of Addition of Territory to Condominium Project, or an exhibit attached thereto, shall set forth the percentage interest of each member in the Common Area, which interest depends upon the number and type of Condominium Units. The voting rights and interests of new members shall be determined in the same way as such percentage interests and rights were determined for old members.

E. The total number of votes that attach to membership certificates to be exercised by the members of the corporation from and after the date of the incorporation shall be 10,000. Each member shall be entitled to vote the same percentage of the 10,000 votes as he is given percentage in the Common Area.

F. In any election of the members of the Board, every Owner (including the developer) entitled to vote at such election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that Owner is entitled in voting upon other matters multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected. Any director may be removed from office by a vote of a majority of the members entitled to vote at an election of directors; provided, however, that unless the entire Board is removed, an individual director shall not be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of votes cast is divided by one plus the authorized number of directors. If any or all directors are so removed, new directors may be elected at the same meeting.

G. Except as otherwise expressly stated herein, any of the rights, interests and obligations of the Association set forth herein or reserved herein may be transferred or assigned to any other person or entity; provided, however, that no such transfer of assignment shall relieve the Association of any of the obligations set forth herein. Any such transfer or assignment shall not revoke or change any of the rights or obligations of the Owners as set forth herein.

H. The Association may suspend any Owner's voting rights in the Association during any period or periods during which such Owner fails to comply with the Rules and Regulations of the Association, or with any other obligations of such Owner under the Declaration.

I. The following sections of the Declaration deal with specific voting requirements which require special action of the membership are incorporated herein by reference: Article Sections 12.4, 13.1, 13.3, 13.4, and 15.2.

4. Annual Meetings. An annual meeting of the members for the purpose of electing directors and transacting such other matters as may properly come before the meeting shall be held at 10:00 o'clock P.M., on the 30th day of December of each year in a convenient location in the County of Blaine, State of Idaho. All business which may be lawfully transacted may be transacted at such meeting without any further or special notice.

5. Special Meeting. Special meetings of the members may be called at any time by the Board of Directors or by written request of one-fifth (1/5) of the voting power of all the members, and shall be held at a convenient location in the County of Blaine, State of Idaho. The secretary-treasurer shall forthwith give notice of such meeting at such time as the secretary-treasurer may fix, not less than ten (10) nor more than thirty-five (35) days after the receipt of said request, and if the secretary-treasurer shall neglect or refuse to issue such call, the Board of Directors or members making request may do so.

6. Notice; Waiver. Notice of annual and special meetings of the members must be given in writing and must state the date, hour, place of the meeting and generally describe the nature of the business to be transacted. Such notice shall be delivered personally to, or deposited in the United States mail, postage prepaid, addressed to the last known address as shown on the books of the Association, to the Owners or any one of the co-owners of each membership as shown on the books of the Association and shall be delivered or deposited in the United States mail at least ten (10) days prior to the date of the meeting.

In the event that a special meeting is called by the members as aforesaid, they shall notify the secretary-treasurer in writing of the time, place and purpose of the meeting in sufficient time to permit the secretary-treasurer to give notice to all members in accordance with these By-Laws.

Written waiver of notice signed by or attendance at a meeting by the Owners or any one of the co-owners of a membership shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in the notice.

7. Quorum; Vote Required; Adjournment. The presence in person or by proxy of members holding a majority of the voting power shall constitute a quorum at any meeting of the members. If a quorum is present, the action of members holding a majority of all votes which members, present and voting, are entitled to cast shall be the act of the members. If a quorum is not represented at a meeting, members holding a majority of all votes which members present in person or by proxy are entitled to vote may adjourn the meeting from time to time without notice other than announcement at the meeting.

8. Certificates Held. Membership certificates held in estates or trusts may be voted by the administrator, executor, guardian, trustee, conservator or receiver thereof without such membership or title to the Condominium Unit being transferred to said person.

9. Conduct of the Meeting. The meeting will be conducted by the officers in order of their priority. The order of business shall be a call of the roll, a reading of the notice and proof of the call, report of officers, report of committees, unfinished business, new business, election of directors, and miscellaneous business.

#### ARTICLE V

##### INCORPORATION BY REFERENCE TO CONDOMINIUM DECLARATION

1. Articles of Condominium Declaration Incorporated. Pursuant to Article X of the Articles of Incorporation of this Association, the Condominium Declaration for Elkhorn Village Condominium Association, Inc. is hereby incorporated by reference and made a part of these By-Laws as if set out in full herein. Said Declaration is annexed and appended hereto as Exhibit "A".

#### ARTICLE VI

##### CONTRACTS, CONVEYANCES, CHECKS AND MISCELLANEOUS

1. Contracts. The Board of Directors may authorize any officer of the Association to enter into any contract or execute any instrument in the name of the Association except as otherwise specifically required by the Articles of Incorporation or by the Condominium Declaration for Elkhorn Village Condominium Association, Inc.

2. Conveyance and Encumbrances. Association property may be conveyed or encumbered by authority of the Board of Directors by resolution of the Board of Directors. Conveyances or encumbrances shall be executed by instrument by the president or a vice president and by the secretary-treasurer of the Association.

3. Checks. All checks, drafts, notes and orders for the payment of money shall be signed by such persons as the Board of Directors may authorize.

4. Fiscal Year. The fiscal year or business year of the Association shall begin on the first day of May and end on the last day of April following.

5. Records. The Association shall maintain accurate and correct books, records and accounts of its business and properties, and they shall be kept at such places as is from time to time fixed and designated by the Board of Directors.

6. Seal. The Board of Directors may adopt an Association seal of such design as may be appropriate.

ARTICLE VII

AMENDMENTS

1. By-Laws. These By-Laws may be amended, altered or repealed from time to time by the vote of two-thirds (2/3) of the voting power of the Association in accordance with the provisions of Article VII of the Articles of Incorporation at any annual or special meeting, provided that the notice of such meeting states that such amendment, alteration, or repeal is to be considered.

APPROVED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_, by the undersigned members of the initial Board of  
Directors of this Association.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

APPROVED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_, by the undersigned, they being the incorporators of the  
Elkhorn Village Condominium Association, Inc.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



FORM OF PARKING LOT EASEMENT TO BE INCLUDED AS A  
SEPARATE PARCEL ON EACH DEED TO AN ELKHORN VILLAGE CONDOMINIUM

PARCEL

A non-exclusive easement on Parcel Two, as shown on the Condominium Map (the "Parking Lot"), for the purpose of parking motor vehicles thereon, subject, however, to the following rights, all of which Grantor retains: the right to grant easements for utility purposes to any public or private utility; the right to dedicate any portion of the Parking Lot used for street purposes to the City of Sun Valley or to other appropriate governmental or municipal bodies; and the right to establish, and from time to time change, alter and amend, and to enforce against all users of said Parking Lot, such reasonable rules and regulations as may be deemed necessary and advisable for the proper and efficient operation and maintenance of said Parking Lot, including, without limitation, the hours during which the Parking Lot shall be opened for use, and if Grantor deems advisable, a system or systems of validation or other operation, including a system of charges against non-validated parking checks of users; provided further, however, that one automobile of Grantee shall be exempt from all validation or other parking charges; and provided further (subject to the foregoing exemption from validation or parking charges only) that all such rules and regulations shall apply equally and without discrimination to all persons entitled to the use of said Parking Lot. This easement is hereby declared to be for the benefit of and appurtenant to Parcel A described above.

EXHIBIT E



146947

RECORDED BY: [unclear]  
RECORDED RETURN TO:

W. BACH, DEMARCO, KIAPP &  
CHILLINGWORTH  
90 Newport Center Drive, #900  
Newport Beach, California 92660

Space Above for Recorder's Use

FIRST AMENDMENT TO  
NOTICE OF ADDITION OF TERRITORY  
AND  
SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
ESTABLISHING A CONDOMINIUM PLAN  
FOR  
ELKHORN VILLAGE CONDOMINIUMS

The NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ESTAB-  
LISHING A CONDOMINIUM PLAN FOR ELKHORN VILLAGE CONDOMINIUMS,  
recorded November 8, 1972, as Instrument No. 146338, Miscel-  
laneous Records, Office of the County Recorder, Blaine County,  
Idaho, is hereby amended in the following particulars only:

The third and fourth sentences of Section 4.2,  
"Limited Common Area", are revised to read as follows:

"Such Limited Common Area shall include a ski  
locker for each Unit (as shown on the Condo-  
minium Map). The Limited Common Area for a  
Unit may also include (if shown on the Condo-  
minium Map) one or more additional lockers)  
and/or a balcony or patio, or both."

This Amendment is executed on this 12th day of  
December, 1972.

ELKHORN AT SUN VALLEY,  
an Idaho Joint Venture

By *Larry Holmes*

By *Joe Mankias*

Its Authorized Agents

STATE OF IDAHO            )  
                                  ) ss.  
COUNTY OF BLAINE        )

On this 12<sup>th</sup> day of December, 1972, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared Jack Marshall and Harvey Johnson, known to me to be the duly authorized agents of ELKHORN AT SUN VALLEY and who affirmed to me that they had been authorized by ELKHORN AT SUN VALLEY, a Joint Venture consisting of DOLLAR MOUNTAIN COMPANY, INC. and JOHNS-MANVILLE IDAHO, INC., to execute the foregoing instrument for and on behalf of the Joint Venture.

WITNESS my hand and official seal.

J. Marshall  
Notary Public in and for  
said County and State  
Harvey Johnson

*mp*

**SECOND SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
ESTABLISHING A CONDOMINIUM PLAN  
FOR  
ELKHORN VILLAGE CONDOMINIUMS**

ORIGINAL IN RED

This Second Supplemental Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Condominiums (hereinafter "Second Supplemental Condominium Declaration") is made this 13 day of May, 2005.

**RECITALS**

A. A Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Condominiums (hereinafter "Supplemental Condominium Declaration") was recorded in the real property records of Blaine County, State of Idaho, as Instrument No. 146338.

B. Section 10.9 of the Supplemental Condominium Declaration provides, among other things, for a grant of a non-exclusive easement for parking purposes on certain property described as Parcel Two on the Condominium Map, recorded in the real property records of Blaine County, State of Idaho as Instrument No. 146337.

C. Pursuant to Section 15.2 of the Supplemental Condominium Declaration, an Elkhorn Village Condominium Owner has requested an amendment to a) release the non-exclusive easement on Parcel Two of the Condominium Map for Elkhorn Village Condominiums, b) grant an exclusive easement for parking purposes on different parcels, and c) reclassify Units 3-A, 3-B, 3-C, 4-A, 4-B, 4-C and 4-D from Commercial to Residential Units with different configurations.

**AMENDMENTS**

NOW THEREFORE, the Elkhorn Village Condominium Association, Inc. and the Owners of the Elkhorn Village Condominiums hereby agree as follows:

1. The definition of "Commercial Unit" contained in Article II of the Supplemental Condominium Declaration shall be deleted in its entirety.

2. The definition of "Residential Unit" contained in Article II of the Supplemental Condominium Declaration shall be amended by the deletion of the following stricken language and the addition of the following underlined language:

Residential Unit. "Residential Unit" means all Units in the Project ~~other than the Commercial Units.~~

3. Section 10.9 of the Supplemental Condominium Declaration shall be amended by the deletion of the following stricken language and the addition of the following underlined language:

Section 10.9 Parking Easement and Liability For Parking Lot Assessments. Declarant has recorded in the Real Property Records of Blaine County, State of Idaho, as Instrument No. 146339, Book \_\_\_\_\_, Page \_\_\_\_\_, a "A Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Area Parking Lot" (hereinafter the "Parking Lot Declaration") dedicating the property thereto (hereinafter the "Parking Lot") for motor vehicle parking and incidental purposes, and providing that property can be added to the Parking Lot as set forth in Article 6 thereof. Any and all easements and rights on and over the Parking Lot and the Parking Lot Declaration have been finally and fully released, vacated, rescinded and terminated. In lieu of such easements and rights, a separate and exclusive Easement for underground parking for 88 parking spaces has been granted for the benefit of the Owners of the Condominiums within the Project, subject to the covenants, conditions and restrictions contained therein. Units 3-A, 3-B, 3-C, 4-A, 4-B, 4-C and 4-D shall have no interest in or right to use any of said parking Easement. Upon the conveyance by Declarant of each Condominium within the Project to the first Owner thereof other than Declarant, Declarant shall be deemed to have granted a non-exclusive easement for parking purposes in the form of Exhibit "E." Such easement shall be in the Parking Lot as the servient tenement and shall be appurtenant to each such Condominium as a dominant tenement.

~~The Owner of each Condominium within the Project is declared to be a "Parking Lot User" as that term is defined in the Parking Lot Declaration, and shall have all the rights and obligations of a Parking Lot User as set forth therein, including the obligation to pay his prorata share of any assessments levied by the Master Association for maintenance of the Parking Lot as set forth in Article 4 thereof, and in the event such assessment is not timely paid, the Condominium of such Owner shall be subject to the lien therefore, as provided in said Parking Lot Declaration.~~

4. Exhibit "E" of the Supplemental Condominium Declaration shall be deleted and stricken from the Supplemental Condominium Declaration.

5. Exhibit "B" of the Supplemental Condominium Declaration shall be amended by the deletion of the following stricken language and the addition of the following underlined language:

## ELKHORN AT SUN VALLEY

### Village Condominiums

#### Percentage of Ownership Interest in the Common Area

<u>Unit No.</u>	<u>Percentage Ownership</u>	<u>Number of Votes</u>
1	1.0350	103.50
2	.9659	96.59
3	.9659	96.59
4	1.0350	103.50
5	1.0350	103.50
6	.9659	96.59
7	.9659	96.59
8	.9659	96.59
9	1.3050	103.50
10	.9659	96.59
11	.9659	96.59
12	1.0350	103.50
13	1.0350	103.50
14	.9659	96.59
15	.9659	96.59
16	.9659	96.59
17	1.1039	110.39
18	1.1039	110.39
19	1.1039	110.39
20	1.1039	110.39
21	1.1039	110.39
22	1.1039	110.39
23	1.1039	110.39
24	1.1039	110.39
25	1.0350	103.50
26	.9659	96.59
27	.9659	96.59

SECOND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
ESTABLISHING A CONDOMINIUM PLAN FOR ELKHORN VILLAGE CONDOMINIUMS/3

28	1.0350	103.50
29	.9659	96.59
30	.9659	96.59
31	.9659	96.59
32	1.0350	103.50
33	1.0350	103.50
34	.9659	96.59
35	.9659	96.59
36	1.0350	103.50
37	.9659	96.59
38	.9659	96.59
39	.9659	96.59
40	1.0350	103.50
41	1.1039	110.39
42	1.1039	110.39
43	1.1039	110.39
44	1.1039	110.39
45	1.1039	110.39
46	1.1039	110.39
47	1.1039	110.39
48	1.1039	110.39
49	.9659	96.56
50	.9659	96.59
51	.9659	96.59
52	1.0350	103.50
53	.9659	96.59
54	.9659	96.59
55	.9659	96.59
56	1.0350	103.50
57	1.0350	103.50
58	.9659	96.59
59	.9659	96.59
60	1.0350	103.50
61	1.1039	110.39
62	1.1039	110.39
63	1.1039	110.39
64	1.1039	110.39
65	1.1039	110.39
66	1.1039	110.39

SECOND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
ESTABLISHING A CONDOMINIUM PLAN FOR ELKHORN VILLAGE CONDOMINIUMS/4

67	1.1039	110.39
68	1.1039	110.39
69	1.0350	103.50
70	.9659	96.59
71	.9659	96.59
72	.9659	96.59
73	1.0350	103.50
74	.9659	96.59
75	.9659	96.59
76	.9659	96.59
77	1.0350	103.50
78	.9659	96.59
79	.9659	96.59
80	1.0350	103.50
81	1.1039	110.39
82	1.1039	110.39
83	1.1039	110.39
84	1.1039	110.39
85	1.1039	110.39
86	1.1039	110.39
87	1.1039	110.39
88	1.1039	110.39
3-A	<del>1.2313</del> 1.4034	<del>123.13</del> 140.34
3-B	<del>1.2586</del> 1.4154	<del>125.86</del> 141.54
3-C	<del>.2918</del> 1.4292	<del>29.18</del> 142.92
4-A	<del>.6202</del> 1.5323	<del>62.02</del> 153.23
4-B	<del>3.3930</del> 1.0933	<del>393.30</del> 109.33
4-C	<del>1.6418</del> .9331	<del>164.18</del> 93.31
4-D	<del>.7661</del> 1.3961	<del>76.61</del> 139.61

6. Units 3-A, 3-B, 3-C, 4-A, 4-B, 4-C and 4-D shall have no interest in or right to use any of said parking Easement.

7. Except as specifically amended herein, each and every remaining term of the Supplemental Condominium Declaration and exhibits attached thereto shall remain in full force and effect.

IN WITNESS WHEREOF, this Second Supplemental Condominium Declaration has been executed this 13 day of May, 2005.

ELKHORN VILLAGE CONDOMINIUM ASSOCIATION, INC.

By Brian Picht, President  
BRIAN PICT, its President

By Sylvan L. (Gene) Noel  
SYLVAN L. (GENE) NOEL, its Secretary (ACTING)

The undersigned President and Secretary of the Elkhorn Village Condominium Association, Inc. hereby certify that the Amendments as set forth above have been approved by the vote or written consent of Condominium Owners owning in the aggregate not less than 76.6 percent (76.6%) in the Common Area of the Elkhorn Village Condominiums pursuant to the terms and conditions of the Supplemental Condominium Declaration.

By Brian Picht, President  
BRIAN PICT, its President

By Sylvan L. (Gene) Noel  
SYLVAN L. (GENE) NOEL, its Secretary (ACTING)





STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 13<sup>th</sup> day of May, 2005, before me, a Notary Public in and for said State, personally appeared Brian Picht, known or identified to me to be the president of the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

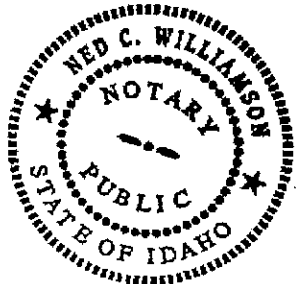


Ned Williamson  
Notary Public for Idaho  
Residing at: Hailey  
My commission expires: 5-15-10

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 13<sup>th</sup> day of May, 2005, before me, a Notary Public in and for said State, personally appeared Sue Noël, known or identified to me to be the acting secretary of the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.



Ned Williamson  
Notary Public for Idaho  
Residing at: Hailey  
My commission expires: 5-15-10

SUN VALLEY TITLE CO.  
P. O. DRAWER 2365  
KETCHUM, IDAHO 83340  
(208) 726-9341

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

/ Kneeland, Korb,  
Collier & Benjamin  
Post Office Box 249  
Ketchum, Idaho 83340

BLAINE CO.  
REQUESTED BY  
Kneeland Korb  
20 FEB 29 AM 11 24  
Msc  
OFFICE DEPUTY  
2/18

292649

(Space above line for Recorder's use)

AMENDMENTS TO MASTER DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS OF  
ELKHORN AT SUN VALLEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley was recorded March 24, 1972, as Instrument No. 142929, records of Blaine County, Idaho; and

WHEREAS, said Master Declaration was amended as follows:

- a. First Amendment to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded January 4, 1982, as Instrument No. 222563, records of Blaine County, Idaho;
- b. Amendments to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded February 1, 1985, as Instrument No. 260224, records of Blaine County, Idaho;
- c. Amendments to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded August 14, 1985, as Instrument No. 265478, records of Blaine County, Idaho;
- d. Amendments to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded February 6, 1986, as Instrument No. 270293, records of Blaine County, Idaho;
- e. Amendments to Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, recorded March 9, 1987, as Instrument No. 282570, records of Blaine County, Idaho; and
- f. Replacement Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley,

SUN VALLEY TITLE CO.  
P. O. DRAWER 2365  
KETCHUM, IDAHO 83340  
(208) 726-9341

recorded May 20, 1987, as Instrument No. 284533, records of Blaine County, Idaho; and

WHEREAS, the Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley is further amended as follows:

1. Article III, Section 3.05, Animals, shall be amended to read as follows:

SECTION 3.05 Animals. No animals of any kind shall be raised, bred or kept, except that dogs, cats and other reasonable household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, and provided further that on any Lot of at least 3/4 acre designated as a Ranch Site, one horse shall be allowed and an additional horse for each 1/2 acre in excess of 3/4 acres up to a maximum of four (4) horses may be kept on each such Lot, all subject to any further restrictions contained in any Supplemental Declaration affecting such Lot and such rules and limitations as may be set forth in the Elkhorn Rules.

2. Article III, Section 3.13, Unsightly Articles, shall be amended to read as follows:

SECTION 3.13 Unsightly Articles. No unsightly articles shall be permitted to remain so as to be visible from adjoining property, and any screening, covering, etc., accomplished to meet the requirements of this section shall be done in colors, shades, sizes, etc., which are subdued and unobtrusive. Without limiting the generality of the foregoing, trailers, motor homes, trucks (other than pickups), boats, tractors, vehicles (other than automobiles), campers on or off a vehicle, snowmobiles, snow removal equipment, garden or maintenance equipment, camping and recreational equipment shall be kept at all times, in an enclosed structure or screened from view, except for nonresident and non-Elkhorn owner owned trailers, mobile homes and campers in actual recreational use by nonresidents and non-Elkhorn owners for a period not to exceed fourteen days in any thirty day period. All vehicles must be operational and must have current licenses. Refuse, garbage and trash shall be kept at all times in a covered, noiseless container and any such container shall be kept within an enclosed structure or appropriately screened from view. Service areas and facilities for hanging, drying or airing clothing or household fabrics shall be

appropriately screened from view. No lumber, grass, shrub or tree clippings, compost piles or plant waste, metals, bulk materials, unused building material or refuse or trash or other materials shall be kept, stored or allowed to accumulate on any property except within an enclosed structure or appropriately screened from view. Firewood shall be screened from view or stored in a neat and orderly fashion.

3. Article III, Section 3.14, No Temporary Structures, shall be amended to read as follows:

SECTION 3.14 No Temporary Structures. No tent or shack or other temporary building, improvement or structure shall be placed upon any property, except that, subject to the Elkhorn Rules, tents may be used for overnight recreational camping on designated portions of Recreational or Open Space Areas and tents, shelters or other temporary structures may be erected and used for temporary non-camping purposes for people for special events for commercial purposes in Commercial or Commercial/Residential areas or for people for personal social events in Residential Areas. Prior to any tent, shelter or temporary structure of any nature and for any purpose being erected or constructed, application shall be made to and written approval obtained from the Design Committee authorizing the size, shape, color, location, purpose and duration of use of any tent, shelter, or temporary structure of any kind or nature. The Design Committee may, at their discretion and subject to the direction of the Board of Directors, adopt such rules and/or procedures as are necessary for the administration of this section.

4. Article VI, Section 6.06, Rules, shall be amended to read as follows:

SECTION 6.06 Rules. The Board may adopt such rules as it deems proper for the use, operation and occupancy of the-Association-Property- all property located in Elkhorn. A copy of said Rules, as they may from time to time be adopted, amended or repealed, may but need not be mailed or otherwise delivered to each Owner, or recorded. Upon such mailing, delivery or recordation, said Rules shall have the same force and effect as if they were set forth in and were a part of the Elkhorn Restrictions. In addition, as to any Owner having actual knowledge of any given Rules,

such Rules shall have the same full force and effect and may be enforced against such Owner.

5. Article VII, Section 7.03 B(2), Damage and Destruction, shall be amended to read as follows:

(2) The Association shall obtain firm bids from two (2) or more responsible contractors to rebuild any portions of the Association Property in accordance with the original plans and specifications with respect thereto and shall, as soon as possible thereafter, call a special meeting of the Owners to consider such bids. At such special meeting, the Owners may by three-fourths (3/4) of the votes cast elect to reject such bids and thus not to rebuild. Failure to thus reject such bids shall be deemed acceptance of such bid as may be selected by the Manager- Board of Directors.

6. Article VI, Section 6.05, Powers and Authority of Association, N. Conveyance of Association Property, shall be added to the Master Declaration and shall read as follows:

N. Conveyance of Association Property. The Association may not convey, transfer or encumber Association property except in the following cases:

1. The value of the real property or encumbrance is \$25,000 or less, and the acreage is 5 acres or less, or

2. The value of the amenity is \$10,000 or less, or

3. Association real property is exchanged for like real property in size and value within or contiguous to Elkhorn.

In all other cases, the consent of fifty-one percent (51%) of the voting power of the members voting in person or by proxy at a regular or special meeting called for that purpose shall first be obtained.

7. Article VII, paragraph G, of the Articles of Incorporation attached to the Declaration as Exhibit C is deleted and the following is substituted therefor:

ARTICLE VII

G. The Association may not convey, transfer or encumber Association property except in the following cases:

1. The value of the real property or encumbrances is \$25,000 or less, and the acreage 5 acres or less, or

2. The value of the amenity is \$10,000 or less, or

3. Association real property is exchanged for like real property in size and value within or contiguous to Elkhorn.

In all other cases, the consent of 51% of the voting power of the members voting in person or by proxy at the regular or a special meeting called for that purpose shall first be obtained.

8. Article XIII is added to the Articles of Incorporation attached to the Declaration as Exhibit C and shall read as follows:

ARTICLE XIII

The personal liability of a director to the Association or its members for monetary damages for breach of fiduciary duty as a director is eliminated except as follows:

A. For any breach of the director's duty of loyalty to the Association or its members.

B. For acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law.

C. Provided for in Section 30-1-48, Idaho Code.

D. For any transaction from which the director derived an improper personal benefit.

9. Article VI, paragraph 2, of the Bylaws attached to the Declaration as Exhibit D shall be amended to read as follows:

2. Conveyances and Encumbrances. Corporate property may be conveyed or encumbered except as restricted by this paragraph by authority of the Board or such other person or persons to whom such authority may be delegated by resolution of the Board or of the executive committee thereof. Conveyances or encumbrances shall be by instrument executed by the President or a Vice President and by the Secretary or the Treasurer or executed by such other person or persons to whom such authority may be delegated by the Board or the executive committee thereof. The Association may not convey, transfer or encumber corporate property except in the following cases:


- a. The value of the real property or encumbrance is \$25,000 or less, and the acreage is 5 acres or less, or
- b. The value of the amenity is \$10,000 or less, or
- c. Association real property is exchanged for like real property in size and value within or contiguous to Elkhorn.

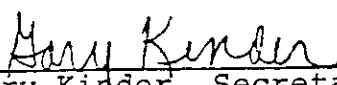
In all other cases the consent of 51% of the voting power of the members voting in person or by proxy at a regular or special meeting called for that purpose shall first be obtained.

10. Except as specifically amended herein, each and every remaining term of said Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley shall remain in full force and effect.

DATED this 30th day of December, 1987.

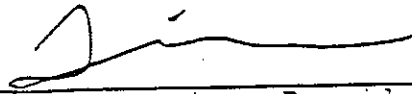
SUN VALLEY ELKHORN ASSOCIATION, INC.

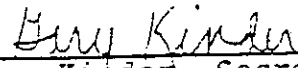
By   
Thomas N. Tripp, President

By   
Gary Kinder, Secretary



The undersigned President and Secretary of Sun Valley Elkhorn Association, Inc., hereby certify that the Amendments as set forth above have been approved by the vote or written consent of at least fifty-one percent (51%) of the owners in Elkhorn or such higher percentage as said Amendment requires pursuant to the terms and conditions of the Master Declaration.

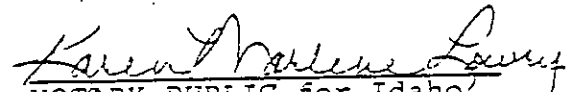
  
Thomas N. Tripp, President

  
Gary Kinder, 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, THOMAS N. TRIPP, to me known to be the President of Sun Valley Elkhorn Association, Inc., that executed the within and foregoing instrument and acknowledged to me that such corporation executed the same on behalf of said corporation.

GIVEN UNDER my hand and official seal the 12th day of February, 1988

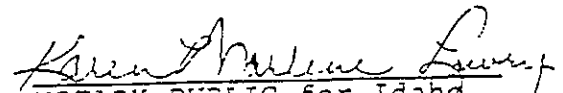
  
NOTARY PUBLIC for Idaho  
Residing at Ketchum  
Commission expires 3.6.92

(seal)

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this day personally appeared before me a notary public in and for the State of Idaho, GARY KINDER, to me known to be the Secretary of Sun Valley Elkhorn Association, Inc., that executed the within and foregoing instrument and acknowledged to me that such corporation executed the same on behalf of said corporation.

GIVEN UNDER my hand and official seal the 10th day of February, 1988.

  
NOTARY PUBLIC for Idaho  
Residing at Ketchum  
Commission expires 3.6.92

(seal)

SUN VALLEY TITLE CO.  
P. O. DRAWER 2365  
KETCHUM, IDAHO 83340  
(208) 726-9341

ELK/sf

NOW, THEREFORE, the Elkhorn rules as adopted by the Board are appended hereto and upon recordation hereof shall have the same force and effect as if they were set forth in and were part of the Elkhorn restrictions.

DATED this 24 day of June, 1993.

SUN VALLEY ELKHORN ASSOCIATION, INC.

By John Gunther  
John Gunther, its President

By Willie Welsh  
Willie Welsh, its Secretary

ACKNOWLEDGEMENTS

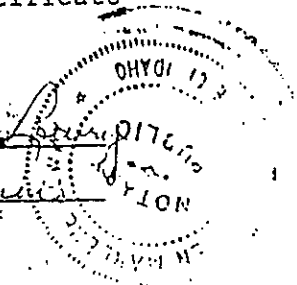
STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 24th day of June, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared JOHN GUNTHER, known to me to be the President of Sun Valley Elkhorn Association, Inc., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(seal)

Karen Barlene  
NOTARY PUBLIC for Idaho  
Residing at Ketchikan



STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 28 day of June, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared WILLIE WELSH, known to me to be the Secretary of Sun Valley Elkhorn Association, Inc., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Helen Marie Spring  
NOTARY PUBLIC for Idaho  
Residing at Ketchikan  
Commission Expires 4-21-98

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

BLAINE CO. REQUEST

OF *S.V. Elkhorn Assn*

359604

1993 NOV 30 12:51

KNEELAND, KORB, COLLIER & LEGG  
Post Office Box 249  
Ketchum, ID 83340  
KKL&C File No. 4391-10

48  
MP

*Amend  
CC&R's*

(Space above line for Recorder's Use)

ELKHORN RULES

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley was recorded March 24, 1972 as Instrument No. 142929, records of Blaine County, Idaho; and

WHEREAS, said Master Declaration was amended by Instrument Nos. 222563, 260224, 265478, 270293 and 282570; and

WHEREAS, Section 6.06 of the Master Declaration provides in part that the Board may adopt such rules as it deems proper for use and occupancy of Association property. Further, that upon recordation, said rules shall have the same force and effect as if they were set forth in and were a part of the Elkhorn restrictions; and

WHEREAS, Sun Valley Elkhorn Association, Inc., the management body of Elkhorn at Sun Valley, has authorized and directed that the Elkhorn rules be recorded as provided by the Master Declaration.

NOW, THEREFORE, the Elkhorn rules as adopted by the Board are appended hereto and upon recordation hereof shall have the same force and effect as if they were set forth in and were part of the Elkhorn restrictions.

DATED this 24 day of June, 1993.

SUN VALLEY ELKHORN ASSOCIATION, INC.

By John Gunther  
John Gunther, its President

By Willie Welsh  
Willie Welsh, its Secretary

ACKNOWLEDGEMENTS

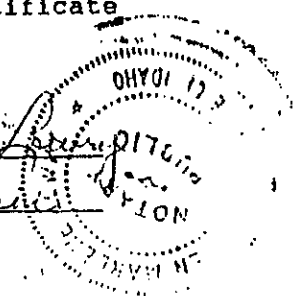
STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 24th day of June, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared JOHN GUNTHER, known to me to be the President of Sun Valley Elkhorn Association, Inc., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(seal)

Karen Malone  
NOTARY PUBLIC for Idaho  
Residing at Boise



STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 28 day of June, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared WILLIE WELSH, known to me to be the Secretary of Sun Valley Elkhorn Association, Inc., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Allen Marie Lundy  
NOTARY PUBLIC for Idaho  
Residing at Boise  
Commission Expires 7-21-98

SUN VALLEY ELKHORN ASSOCIATION  
ELKHORN RULE NO. 1

AMENITIES RULES AND REGULATIONS

Access to and use of all Sun Valley Elkhorn Association amenities will be governed as follows:

ACCESS

1. Access to amenities shall be limited to owners and their dependent children and resident guests and to personal non-resident guests of owners or residents. Access for guests (resident or personal) may be more restricted, by board resolution; than indicated herein.
  - a. Resident guests shall include any non-owner who physically resides in Elkhorn.
  - b. Personal non-resident guests shall be defined as any personal guest of an owner who is physically present at an Elkhorn amenity with an owner or resident guest. Owners and/or resident guests shall not cause personal non-resident guests to be introduced into Elkhorn amenities for other than the personal use of such amenities by said non-resident guests, and an owner or resident guest shall be present with any personal non-resident guests while said guests use Elkhorn amenities. Other than for Sun Valley Elkhorn Association sponsored activities, Elkhorn amenities shall not be used for commercial or other entertainment purposes.

OWNERS, GUESTS, AND AMENITY CARDS

2. Amenity cards shall be issued to all owners and resident guests under the following guidelines.
  - a. Owners and their dependent children shall each be issued Owner Amenity Cards.
  - b. Resident guests shall be issued Long-Term Temporary Use or Temporary Use Amenity Cards. Such cards shall be issued at the direction of the owner and/or his/her authorized rental agent and shall expire at the end of the term of stay and/or lease of the resident guest, not to exceed 12 months.
  - c. All cards shall be issued only after the person to whom the card is to be issued shall have properly and adequately identified him/herself. Adequate identification shall consist of a driver's license or other ID which shall include a picture of the person being identified.

For further information concerning the issuance of amenity cards, see the Amenity Card Guidelines contained in Section 9 of these Rules and Regulations.

3. Personal non-resident guests shall be admitted to Elkhorn amenities only when accompanied by an owner or resident guest, and such persons shall not need nor will they be issued a temporary amenity card. There shall be no charge for personal non-resident guests who use Sun Valley Elkhorn Association amenities with owners or resident guests. Owners and resident guests may be allowed a reasonable number of personal non-resident guests; however, it is suggested that no more than 10 guests be brought in on any given day. This number may be exceeded; however, it is requested that prior permission to bring in more than ten guests on any day be obtained from the Sun Valley Elkhorn Association Manager.

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 28 day of June, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared WILLIE WELSH, known to me to be the Secretary of Sun Valley Elkhorn Association, Inc., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



W. Allen Mahoney  
NOTARY PUBLIC for Idaho  
Residing at Blaine, Idaho  
Commission Expires 11-1-93



4. Sun Valley Elkhorn Association owners who have rented their property to guests, either long or short term, and are not residing in Elkhorn shall continue to enjoy full use of all Elkhorn amenities.
5. Sun Valley Elkhorn Association owner, resident guest, and personal non-resident guest amenity card and use policy as described in these rules is set by the Sun Valley Elkhorn Association Board of Directors and may be changed if excessive amenity use demands more restrictive rules.

#### VOLATIONS

6. It is hereby declared a violation of these Rules and Regulations and of Elkhorn Restrictions to:
  - a. Obtain for another and/or sell or give away any Elkhorn owner or resident guest card to any person who is not an owner or is not a bona fide resident guest.
  - b. Allow the use of any Elkhorn owner or resident guest card by any person other than the person named thereon.

Any person who, in violation of these Rules and Regulations, obtains for another or allows another to use a Sun Valley Elkhorn Association owner or resident guest card when that other person is not entitled to said card may have a special assessment levied against him/her and/or have his/her own and guest amenity use privileges restricted or cancelled.

7. All use of Elkhorn amenities shall be in accordance with promulgated or posted hours and rules of operation for such amenities. Failure of any owner or guest to obey said hours and rules of operation may be cause for removal of the offending party from the amenity and/or may be cause for revocation of amenity use privileges and/or a special assessment to be imposed as prescribed in these Rules and Regulations.
8. Any violation of these Rules and Regulations may result in a special assessment and/or loss by the offending party and his/her guests of use of Elkhorn amenities. Any person who is directly prohibited under Elkhorn rules, regulations, decisions or policies from using the Elkhorn amenities shall be prohibited from circumventing that prohibition by using amenities as guests of other Elkhorn owners or resident guests. The following procedures shall be utilized, and the following penalties may be imposed for violations of these Rules and Regulations.
  - a. All amenity cards which are used or caused to be issued or used in a fraudulent manner shall be confiscated at the time of the alleged misuse and shall be turned over to the Sun Valley Elkhorn Association Manager or to a member of the Sun Valley Elkhorn Association Board of Directors. Additionally, the card of the person causing fraudulent issuance or use of a card other than his/her own shall have his/her own card confiscated. If an owner or resident guest shall deny any fraudulent use or issue, the amenity card or cards, after information has been obtained about them and their alleged misuse, shall be returned to the accused party pending a hearing before the Violation Hearing Board.
  - b. All persons who fail to observe the promulgated or posted rules and regulations for the operation of any Elkhorn amenity may have their amenity cards immediately confiscated and/or may be immediately removed from the amenity.

All confiscated cards shall be turned over to a member of the Sun Valley Elkhorn Association Board of Directors or the Sun Valley Elkhorn Association Manager and such card may be held until appropriate action is taken pursuant to these Rules and Regulations. If the offending person is a personal non-resident guest, said

person shall be banned from further use of all Elkhorn amenities until said person shall voluntarily appear before the Sun Valley Elkhorn Association Manager for a determination of whether or not further use of Elkhorn amenities shall be allowed by that person.

Any owner, resident guest or personal non-resident guest who is charged with a violation of the Sun Valley Elkhorn Association Amenities Rules and Regulations and who pleads guilty to said charge shall appear before the Sun Valley Elkhorn Association Manager to determine what, if any, penalty shall be imposed. If an owner, resident guest or personal non-resident guest denies any violation, then, before amenity privileges are suspended or amenity cards are revoked or a special assessment is levied for any alleged violation of these Rules and Regulations, a violation notice shall be issued and a hearing shall be held before the Violation Hearing Board to determine if said violation has occurred and what, if any, penalties shall be imposed.

Violation notices shall be issued by either the Sun Valley Elkhorn Association Manager or by a member of the Sun Valley Elkhorn Association Board of Directors. Said notices shall be in writing, shall contain information adequately describing the alleged violation and shall be either hand delivered or mailed to the Sun Valley Elkhorn Association Manager and to the alleged violator either at his/her local address and/or address of record with the Sun Valley Elkhorn Association within 5 days of when the alleged violation is discovered.

The Violation Hearing Board shall meet as soon as is practicable after a violation notice has been issued, but in no event shall such hearing occur earlier than 7 days after the violation notice is received or deemed to have been received by the alleged violator. At the request of the alleged violator, up to 60 days may be allowed before said hearing commences; however, during such extended period, the alleged violator's amenity card shall be held by the Sun Valley Elkhorn Association or, in the case of personal non-resident guests, such persons shall be banned from Elkhorn amenities during the requested extension.

An accused party shall have the right to appear before and be heard in person or by telephone conference call by the Violation Hearing Board or to submit evidence in writing on the alleged violation. Failure of the alleged violator to exercise the right to be heard in person or in writing at any level of hearing shall not prevent the Sun Valley Elkhorn Association from taking any action or imposing any special assessment or penalty prescribed under these rules.

The Violation Hearing Board shall consist of at least two members of the Sun Valley Elkhorn Association Board of Directors and the Sun Valley Elkhorn Association Manager or at least three members of the Sun Valley Elkhorn Association. A determination shall be made by such persons, by majority vote, as to what, if any, violations of these Rules and Regulations shall have occurred and what, if any, special assessments or penalties shall be imposed. The Violation Hearing Board shall have the authority to impose the following special assessments and/or penalties.

- (1) For the first violation, a special assessment of up to \$50 and/or loss of use of Elkhorn amenities for the offending party and his/her guests for up to 7 days.
- (2) For a second violation, a special assessment of up to \$100 and/or loss of use of Elkhorn amenities for the offending party and his/her guests for up to 30 days.
- (3) For a third violation and each of all subsequent violations, a special assessment of up to \$500 and loss of use of Elkhorn amenities for the offending party and his/her guests for up to one year.

All decisions of the Violation Hearing Board shall be in writing and shall be within 5 days of the hearing, either hand delivered or sent to the alleged violator at his/her local address and/or his/her address of record with the Sun Valley Elkhorn Association.

Any person who is removed from and/or prohibited from using Elkhorn amenities as a result of a ruling by the Violation Hearing Board may not use said facilities as the guest of another person who is permitted to bring guests to said amenities.

Any person who is found guilty of violating these Rules and Regulations and who has his/her amenity use privileges and/or amenity card revoked shall immediately return his/her amenity card and all other affected amenity cards to the Sun Valley Elkhorn Association offices and shall forthwith observe his/her loss of amenity privileges. If a special assessment is imposed by the Violation Hearing Board, said special assessment shall be paid immediately. Failure to return revoked amenity cards or to pay any special assessment or observe any prohibition of use of Elkhorn amenities shall be a violation of Elkhorn Restrictions. A violation of Elkhorn Restrictions shall carry with it the additional special assessments and/or penalties contained in said Restrictions as such are set forth in the Master Declaration.

An appeal may be had from an adverse decision of the Violation Hearing Board. Such appeal shall be affected by a written notice sent to the President of the Sun Valley Elkhorn Association Board of Directors at the Sun Valley Elkhorn Association offices in Elkhorn. Such notice of appeal must be filed within 30 days of receipt of the written decision of the Violation Hearing Board. Such appeal shall be heard by no less than a quorum of the Sun Valley Elkhorn Association Board of Directors and shall be heard within 30 days of receipt of the notice of appeal by the Board of Directors unless a longer period, up to 60 days, is requested by either the party requesting said appeal or by the Board. After the appellate hearing, a written decision shall be rendered by the Board of Directors within 5 days of the hearing and said decision shall be within 5 additional days, either hand delivered or mailed to the appellant at his/her local address and/or his/her address of record with the Sun Valley Elkhorn Association. The decision of the Board on the matters in issue shall be final. During the pendency of an appeal, all special assessments and/or penalties shall be held in abeyance.

All decisions, notices, appeals, etc., required or allowed under these rules by any party shall be hand delivered or shall be sent by ordinary United States mail to the appropriate address.

#### AMENITY CARD GUIDELINES

9. Amenity cards shall be issued to all persons entitled to receive them who are over the age of six years. There shall be a \$10 replacement charge for all lost cards. Resident guests shall be issued temporary amenity cards. In no event shall any temporary amenity card expire more than 30 days from the date it is issued.

Owners who rent their residence can cause temporary guest cards to be issued to guests by writing or calling the Sun Valley Elkhorn Association and indicating to whom and for what period a temporary card shall be issued. Owners may designate a property management agent to issue temporary cards in cases where the owner does not manage his/her own residence. Any property management agent who issues a temporary card to other than a bona fide resident guest shall immediately have the privilege of issuing temporary cards revoked, and all guests obtaining property rentals through that agent shall have to come to Sun Valley Elkhorn Association offices to obtain cards. Such guests shall present proof from the owner of the unit of their guest status to obtain temporary amenity cards.

Elkhorn Rule #1

Page 5

Owner cards shall be issued to all bona fide owners (and their dependent children) who are listed as such by virtue of having a deed to Elkhorn property issued in their name(s) and becoming property owners under the Master Declaration. People who own multiple properties will not be issued multiple owner cards for each property but will be issued cards individually as owners.

Properties owned by corporations shall be entitled to have the President or Chairman of the corporation designate who the owner of the corporation is and who is therefore entitled to obtain owner cards based on corporate ownership. Corporations shall be dealt with on an individual basis, and owner cards shall be issued after discussion between Sun Valley Elkhorn Association officials and appropriate corporate officers.

It is the stated policy of the Sun Valley Elkhorn Association that all stockholders of a corporation or all partners in a partnership or all persons claiming ownership by virtue of any other legal entity owning Elkhorn property are not automatically entitled to owner cards by virtue of stock ownership or partnership interest, etc. Cards in these instances shall be issued only to persons who hold a substantial ownership interest in the entity and therefore the property involved. A substantial ownership interest shall be defined as owning at least 10% of the entity involved. Exceptions to this 10% threshold may be made by the Sun Valley Elkhorn Association Manager where substantial cause is shown.

Any dispute with respect to the issuance of owner cards shall be resolved by the Sun Valley Elkhorn Association Manager. An appeal from the Manager's decision may be taken to the Board of Directors of the Sun Valley Elkhorn Association and the decision of the Board shall be final. The procedure (notices, time, form, content, appeals, etc.) to be followed in cases where amenity card issuance is in question shall be in appropriate conformance with the procedures and safeguards contained in the "Violations" section herein, Section 8, et. seq.

SUN VALLEY ELKHORN ASSOCIATION, INC.  
ELKHORN RULE NO. 2

COLLECTION POLICY

The Sun Valley Elkhorn Association (SVEA) Board of Directors would like to make owners aware of our current collection policy for all assessments. This policy is in accordance with Section 9.06 of the Master Declaration:

1. When an account is not paid within 60 days of the *BILLING DATE*, a certified demand letter is sent to the owner allowing 30 days to make full payment. A \$10 charge is automatically debited to the account.
2. If full payment is not received within the 30 day period the following action is taken:
  - A. A lien is prepared and recorded against the property, and all owner/guest cards and amenity privileges are revoked.
  - B. A \$200 lien charge is incurred by the owner.
  - C. The Credit Bureau of Blaine County is automatically notified through the Blaine County Recorder's office.
  - D. Revoked amenity privileges shall not be reinstated until such time as the account is current and the lien has been released.
3. If full payment is not received, including all lien charges and other fees, within 60 days following the filing of the lien, foreclosure proceedings will be initiated. All foreclosure legal fees will be incurred by the owner.

There are *NO EXCEPTIONS* to this policy. Everyone will be treated equally. There are no payment plans. The SVEA is a non-profit corporation and is not in a position to subsidize owners. Since the implementation of this system, our receivables are the lowest in Association history. It's tough, but it works!

Incorporated with our Collection Policy the Board of Directors has approved a billing policy which allows our cash flow to better coincide with our high seasons.

BILLING DATE	DUE DATE	FISCAL QUARTER	DATE LATE CHARGE BEGINS
Oct 1	Nov 1	1st	December 1
Jan 1	Feb 1	2nd	March 1
Apr 1	May 1	3rd	June 1
July 1	Aug 1	4th	September 1

Accounts are due the first day of the first month of the quarter. All balances not paid within 30 days of the *DUE DATE* will be subject to a 1-3/4% per month late charge, for an effective annual rate of 21%.

NOTE: There will be a \$20 charge for all returned checks.

SUN VALLEY ELKHORN ASSOCIATION, INC.  
ELKHORN RULE NO. 3

AN ELKHORN RULE PURSUANT TO MASTER DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

Consistent with the requirements of Article VI, Section 6.06. and Article IX, Section 9.06. of the Master Declaration, and as set forth in that certain Resolution of the Board of Directors passed and approved at the Board of Directors' meeting conducted January 2, 1985, it is hereby provided that the interest rate to be assessed upon regular and special assessments of the Sun Valley Elkhorn Association, Inc., which are past due shall be 21%, simple interest.

SUN VALLEY ELKHORN ASSOCIATION, INC.  
ELKHORN RULE NO. 4

MAILING PROCEDURES

It is the responsibility of the property owners of the Sun Valley Elkhorn Association to provide the appropriate official address or addresses to which notices shall be sent by the Sun Valley Elkhorn Association for the purpose of citing them for violation, for billing and for like purposes. Delivery to an outdated or improper address shall not render the notice ineffective unless the proper address had, in fact, been timely provided to the Sun Valley Elkhorn Association.

For service of process for any reason, for any notice or decision, or any other reason from the Sun Valley Elkhorn Association or any Board or Committee thereof, such notice or service shall be sent by ordinary United States mail at the address of record with the Sun Valley Elkhorn Association provided by the owner. Such service shall be complete 7 days after the document is deposited postage prepaid in the United States mail. When such notice is given by mail, it may be given by regular mail and such notice when served by regular mail shall be considered sufficient notice.

SUN VALLEY ELKHORN ASSOCIATION, INC.  
ELKHORN RULE NO. 5

COMMERCIAL VEHICLE PARKING

Pursuant to Section 3.16 of the Master Declaration and notwithstanding any other provision of said Master Declaration, by this rule it is Sun Valley Elkhorn Association policy that commercial vehicles, such as, but not limited to trucks, buses, utility or recreational vans or carts, etc., used in Elkhorn commercial operations by the Elkhorn Resort, may be parked in the parking lot located to the west of the hotel and adjacent to the Elkhorn ski lift, commonly known as the West Hotel Parking Lot and the presence of such vehicles in said lot shall be deemed, pursuant to Section 3.16 of the Master Declaration, not to be a violation of said Declaration.

Further, vehicles as allowed under Master Declaration Section 3.13 may display commercial signage and park in public and/or private parking areas pursuant to the following:

- Limit one commercial vehicle per Elkhorn property.
- Said commercial vehicle must be the primary means of transportation for the vehicle owner.
- Size, content and display of signage may be subject to SVEA Board review and approval.



SUN VALLEY ELKHORN ASSOCIATION, INC.  
ELKHORN RULE NO. 6

ANIMAL CONTROL

Pursuant to Section 3.05 of the Master Declaration, and in the interest of promoting responsible pet ownership and care, the following rule is adopted by the Sun Valley Elkhorn Board of Directors effective September 24, 1992:

Animal Control

1. Pets shall not be permitted on Sun Valley Elkhorn Association property except on a leash under the control of the owner or owner's agents.
2. Owners, or their agents, shall control their pets at all times so as not to constitute a nuisance.
3. Owners, or their agents, shall not permit their pets to trespass on private property in Elkhorn.
4. Owners, or their agents, shall immediately clean up after their pets.
5. Any violation by an Association member of the Sun Valley Animal Control Ordinance shall constitute a violation of this rule.

Enforcement

Violation of this rule shall be initially determined by the Violation Hearing Board. An owner allegedly violating this rule shall be notified and have the right to be heard at a hearing prior to implementation of any penalty. An owner shall have the right to appeal the Violation Hearing Board's decision to the Sun Valley Elkhorn Association Board of Directors. Penalties may include a special assessment of up to \$50 a day for each day the violation continues and/or loss of use of Elkhorn amenities.

SUN VALLEY ELKHORN ASSOCIATION, INC.  
ELKHORN RULE NO. 7

SUSPENSION OF VOTING RIGHTS

Be it resolved that pursuant to Article VI, Section 6.04H of the Master Declaration any owner who is not fully paid and current for all regular and special assessments and any interest penalties, charges, fees, etc., attendant to their property whether for Master Association, Subassociation, Architectural Design Committee or other amounts owed, said owner shall be denied the right to vote in any regular or special meeting of the Sun Valley Elkhorn Association until all amounts owed are fully paid and current.

SUN VALLEY ELKHORN ASSOCIATION  
ELKHORN RULE NO. 8

POSTED POOL RULES

1. No alcohol
2. No running
3. No pets
4. No glass containers in pool area
5. All persons must take a shower before entering the pool
6. Any person having an infectious or communicable disease or an open wound will not be allowed in the pool
7. Proper swim attire is required
8. Swimming is allowed only in designated areas
9. No floatation devices allowed
10. No rafts, tubes, bails or boats allowed in pool
11. No throwing of objects or rough play allowed
12. Diving is allowed only in designated areas
13. One person at a time on diving board
14. One bounce only on boards
15. No swimming in diving tank while divers are using boards
16. Divers must swim to their respective sides of pool and climb out
17. Non-swimmers must remain where they can stand in the water
18. No standing or hanging on ropes
19. No swinging or playing on step or ladder railings
20. Excessive spitting, spouting of water, blowing the nose, etc., into the pool is prohibited
21. No climbing on guard towers
22. No trespassing when pool is closed
23. No sun bathing near the edge of the pool
24. Persons under 13 must be accompanied by an adult in jacuzzi and sauna
25. No one under the age of 7 shall be allowed in the pool area unless attended by a responsible individual. In addition, no one shall go outside the roped-in, shallow end area unless he or she can swim a minimum of 25 yards.

SUN VALLEY ELKHORN ASSOCIATION  
ELKHORN RULE NO. 9

POSTED TENNIS COURT REGULATIONS

1. All players must check in at the tennis shop with proper identification
2. Proper tennis attire and shoes are required at all times
3. Shirts must be worn at all times
4. Unsportsman-like conduct and profanity will not be tolerated
5. No food or glass containers on the courts
6. No pets are allowed on the tennis courts and tennis area
7. No skateboards, rollerskates or bicycles
8. No smoking
9. No running shoes

400792

BLAINE CO. REQUEST

OFF: *Blaine County Clerk*

'97 APR 11 PM 11 34

MARY GREEN, CLERK

FEE \$ 6.00

RECORDING REQUESTED BY  
AND AFTER RECORDING RETURN TO:

KNEELAND, KORB, COLLIER & LEGG  
P. O. Box 249  
Ketchum, Idaho 83340  
KKCL File No. 4391-26

AMENDMENT TO MASTER DECLARATION OF COVENANTS, CONDITIONS AND  
RESTRICTIONS OF ELKHORN AT SUN VALLEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the Replacement Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, ("Master Declaration") was recorded May 20, 1987 as Instrument No. 284533, Records of Blaine County Idaho;

WHEREAS, the Master Declaration may be amended by an Instrument in Writing signed and acknowledged by the President and Secretary of the Association certifying that such Amendment has been approved by the vote or written consent of at least 51% of the owners of Elkhorn;

WHEREAS, at least 51% of the owners of Elkhorn have approved this Amendment;

WHEREFORE, the Replacement Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley, is hereby amended as follows;

1. ARTICLE 1, DEFINITIONS, "LOT" shall be amended to read as follows:

"LOT" shall mean a portion of Elkhorn which is a legally described parcel of real estate or is designated as a lot on any recorded subdivision plat, whether or not improved, and may refer to any of the following: Residential Lot, Ranch Site, or Commercial Site. Lot shall not include any common area, recreational area or open space area. Further, Lot shall not include nonresidential real property currently owned by Sun Valley Water and Sewer District, Idaho Park Foundation, Idaho Power and garages that may be sold separately from a condominium or lot."

2. All other terms and provisions of the Master Declaration and any amendments thereto not in conflict herewith are hereby ratified and confirmed.

3. This Amendment shall become effective upon its recordation with the Blaine County Recorder.

IN WITNESS WHEREOF Sun Valley Elkhorn Association, Inc. has executed this Amendment the 7th day of April, 1997.

Sun Valley Elkhorn Association, Inc.

By Bruce S. Markham  
Its President

By [Signature]  
Its Secretary

CERTIFICATION

The undersigned President and Secretary of Sun Valley Elkhorn Association, Inc. hereby certify that foregoing Amendment has been approved by a vote or written consent of at least 51% of the owners in Elkhorn.

DATED: April 7, 1997.

Sun Valley Elkhorn Association, Inc.

By Bruce S. Markham  
Its President

By [Signature]  
Its Secretary

ACKNOWLEDGEMENT

STATE OF IDAHO )  
County of Blaine ) ss.

On this 7th day of April, 1997, before me, the undersigned, a Notary Public in and for said State, personally appeared Bruce S. Markham and [Signature], and known to me to be the President and Secretary of Sun Valley Elkhorn Association, Inc. and the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same on behalf of the Association.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Karen Markham-Loring  
NOTARY PUBLIC for Idaho  
Residing at Ketchikan  
Commission Expires 4-21-98

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

Instrument # 437922

HAILEY BLAINE, IDAHO  
2000-04-04 04:30:00 No. of Pages: 5  
Recorded for : KNEELAND KORB & COLLIER  
MARSHA RIEMANN Fee: 15.00  
Ex-Officio Recorder Deputy MPP  
Index to: AMENDED COVENANTS & RESTRICTIONS

SUN VALLEY ELKHORN ASSOCIATION, INC.  
Post Office Box 1708  
Sun Valley, ID 83353  
KKCL File No. 4391-26

(Space above line for Recorder's Use)

THIRD AMENDMENT TO MASTER DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
ELKHORN AT SUN VALLEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the Replacement Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley ("Master Declaration") was recorded May 20, 1987 as Instrument No. 284533, records of Blaine County, Idaho.

WHEREAS, the Master Declaration was amended by Amendment to Master Declaration which was recorded February 29, 1988 as Instrument No. 292649, records of Blaine County, Idaho; and further amended by Amendment to Master Declaration recorded April 11, 1997 as Instrument No. 400792, records of Blaine County, Idaho.

WHEREAS, the Master Declaration may be amended by an instrument in writing signed and acknowledged by the President and Secretary of the Association certifying that such Amendment has been approved by the vote or written consent of the required percentage of owners of Elkhorn as provided by the Master Declaration;

THIRD AMENDMENT TO MASTER DECLARATION - PAGE 1

WHEREAS, at least the required percentage of owners of Elkhorn have approved this Amendment by proxy/ballot at the December 30, 1999 annual meeting,

WHEREFORE, the Replacement Master Declaration of Covenants, Conditions and Restrictions of Elkhorn at Sun Valley is hereby amended as follows:

1. **SECTION 3.04 Signs.** No sign of any kind shall be displayed to the public view without the approval of the Design Committee. Any "for sale" or "for lease" signs not more than 18" by two feet, shall not require Committee approval. Design standards and restrictions of signs may be set by the Design Committee from time to time.

is hereby amended in its entirety to read as follows:

"**SECTION 3.04 Signs.** No sign of any kind shall be displayed to the public view without the approval of the Design Committee. "For Sale" and "For Lease" signs may be displayed without Design Committee approval subject to the following requirements:

- A. The sign shall not be more than 18 inches by 24 inches in size, and the top of the sign shall not be more than 36 inches above the surface;
- B. Only one sign for each property is allowed;
- C. The sign shall be placed on the property and not within public roads or rights of way;
- D. Brochure holders and name tags outside the 18 inches by 24 inches size limitation are not allowed; and
- E. Support posts other than commonly used angle iron immediately surrounding the sign are not allowed.

Design standards and restrictions of signs may be set by the Design Committee from time to time."

2. **SECTION 4.03 Residential Use; Rentals.** No residence shall be used for any purpose other than single-family residential purposes. No lawful occupation, profession, trade or other nonresidential use shall be conducted in any such Residential Area, provided, however, that nothing in this Declaration shall prevent the rental of property within a Residential Area by the Owner thereof for residential purposes, on either a short or long-term basis (including overnight rentals), subject to all the provisions of the Elkhorn Restrictions. Such rentals shall be deemed a Residential Use. No residence or any building, garage or structure located in a residential or other noncommercial area shall be used for commercial or other nonresidential storage purposes.

is hereby amended in its entirety to read as follows:



"SECTION 4.03A Residential Use. No residence shall be used for any purpose other than single-family residential purposes; provided, however, a home office is permitted entirely within a residence conducted by members of immediate family as long as there is no outward indication the residence is used as a business and the business activity is unobtrusive. No customers, clients or employees may come to the residence."

3. SECTION 4.03B Rentals. is added to the Master Declaration to read as follows:

"SECTION 4.03B Rentals. Nothing in this Declaration shall prevent the rental of property within a Residential Area by the Owner thereof for residential purposes, on either a short or long-term basis (including overnight rentals), subject to all the provisions of the Elkhorn Restrictions. The rental of single-family residences shall be restricted to single families defined as those related by blood, marriage or adoption, or as being no more than four unrelated persons and occasional guests. Such rentals shall be deemed a Residential Use. No residence or any building, garage or structure located in a residential or other noncommercial area shall be used for commercial, dormitory or other nonresidential storage purposes."

4. All other terms and provisions of the Master Declaration and any amendments thereto not in conflict herewith are hereby ratified and confirmed.

5. This Amendment shall become effective upon its recordation with the Blaine County Recorder.

IN WITNESS WHEREOF, Sun Valley Elkhorn Association, Inc. has executed this Amendment this 3rd day of April, 2000.

SUN VALLEY ELKHORN ASSOCIATION, INC.

By Patricia L. Brolin-Ribi  
Patricia L. Brolin-Ribi, its President

By William Burnham  
William Burnham, its Secretary

CERTIFICATION

The undersigned President and Secretary of Sun Valley Elkhorn Association, Inc. hereby certify that the foregoing Amendment has been approved by the vote or written consent of the required percentage of owners in Elkhorn as provided by the Master Declaration.

DATED this 3rd day of April, 2000.

SUN VALLEY ELKHORN ASSOCIATION, INC.

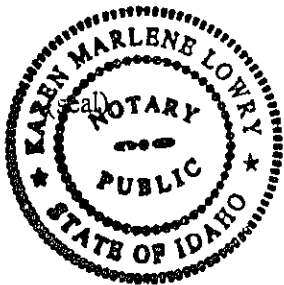
By Patricia L. Brolin-Ribi  
Patricia L. Brolin-Ribi, its President

By William A. Burnham  
William Burnham, its Secretary

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 3rd day of April, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared Patricia L. Brolin-Ribi, known to me to be the President of the Sun Valley Elkhorn Association, Inc., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Karen Marlene Lowry  
NOTARY PUBLIC for Idaho  
Residing at Boise  
Commission Expires 7.23.04

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 3rd day of April, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared William Burnham, known to me to be the Secretary of the Sun Valley Elkhorn Association, Inc., and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of said corporation.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Karen Marlene Lowry  
NOTARY PUBLIC for Idaho  
Residing at Boise  
Commission Expires 7.23.04

sveawk\master dec.amd2

# CANCELLATION OF LICENSE ESTABLISHING COVENANT FOR ELKHORN GOLF CLUB MEMBERS

This Cancellation of License Establishing Covenant for Elkhorn Golf Club Members is made as of the 18<sup>th</sup> day of December, 2003, by CG-ELKHORN GOLF LLC, a Delaware limited liability company (the "Company").

WHEREAS, the Company has acquired fee title to the premises in Sun Valley, Idaho commonly known as Elkhorn Resort and Golf Club;

WHEREAS, a certain License Establishing Covenant for Elkhorn Golf Club Members (the "License") was executed as of the 3<sup>rd</sup> day of February, 1995 relating to membership at the Elkhorn Golf Club;

WHEREAS, the Company has recalled and terminated the "Membership Program" referred to in the License;

WHEREAS, the License requires the Company to record and deliver a document entitled "Cancellation of License Establishing Covenant for Elkhorn Golf Club Members" which shall constitute conclusive evidence of the cancellation and revocation of the License.

NOW THEREFORE, the Company hereby states as follows:

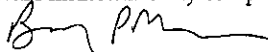
1. This Cancellation of License Establishing Covenant for Elkhorn Golf Club Members is duly adopted, executed and made effective by the Company as of the date hereof and shall constitute conclusive evidence of the cancellation and revocation of the License.
2. The Company has full power and authority to execute and deliver this Cancellation of License Establishing Covenant for Elkhorn Golf Club Members and all requisite corporate action has been taken authorizing the due execution and delivery hereof.

IN WITNESS WHEREOF, this Cancellation of License Establishing Covenant for Elkhorn Golf Club Members has been executed as of the day and year first above written.

**Instrument # 497048**

HAILEY, BLAINE, IDAHO  
2003-12-23 04:07:00 No. of Pages: 2  
Recorded for : WILLIAMSON LAW OFFICE  
MARSHA RIEMANN Fee: 6.00  
Ex-Officio Recorder Deputy  
Index to: MISCELLANEOUS DOCUMENTS

CG-ELKHORN GOLF LLC,  
a Delaware limited liability company



Name: Barry P. Marcus  
Title: Senior Vice President

**Instrument # 512324**

HAILEY, BLAINE, IDAHO

2004-11-05 03:54:00 No. of Pages: 6

Recorded for : VACATION INTERNATIONALE

MARSHA RIEMANN Fee: 18.00

Ex-Officio Recorder Deputy 

Index to: AMENDED COVENANTS & RESTRICTIONS

AFTER RECORDING RETURN TO:

Vacation Internationale, Inc.  
1417 116<sup>th</sup> Avenue NE  
Bellevue, WA 98004  
Attn: Lisa Guenther

AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR THE PROTECTION OF TIME SHARE OWNERS

AND

NOTICE OF TIME SHARE PLAN

OF

THE VACATION INTERNATIONALE PROGRAM  
AMENDED TO THE 10<sup>TH</sup> DAY OF JUNE, 2004

FOR PROPERTY LOCATED AT

ELKHORN VILLAGE CONDOMINIUM PROJECT

AND

INDIAN SPRINGS CONDOMINIUM PROJECT

BLAINE COUNTY, IDAHO

AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR THE PROTECTION OF TIME SHARE OWNERS  
AND  
NOTICE OF TIME SHARE PLAN  
OF  
THE VACATION INTERNATIONALE PROGRAM  
AMENDED TO THE 10<sup>TH</sup> DAY OF JUNE, 2004

This amended Declaration of Covenants, Conditions and Restrictions for the Protection of Time Share Owners and Notice of Time Share Plan of the Vacation Internationale ("VI") Program (herein "Declaration and Notice") is made this 10<sup>th</sup> day of June, 2004, by VRI Development & Sales dba VRI Development & Sales, Inc., a California corporation, whose place of business in Washington is 1417 116th Avenue N.E., Bellevue, WA 98004, in its own capacity (herein called "Developer").

RECITALS

1. On October 10, 1977, the Vacation Time Share Program (herein called "VI Program"), a time share plan, was established by the execution of the Vacation Internationale Trust Agreement (herein called "VI Trust Agreement" or "VI Trust") which was recorded in the States of California, Hawaii, Idaho, Oregon, Nevada, Colorado, New Mexico and Washington and has been amended from time to time.
2. The VI Trust Agreement, as amended, provides for and protects the rights of the owners of time share interests in the VI Program (herein called "VI Owners") and their rights to use the property held in the VI Trust.
3. Pursuant to the VI Trust Agreement, Vacation Internationale, Inc., as Trustee ("Trustee"), holds title to the property in the VI Trust, and has the sole authority to convey and otherwise deal with the property, subject to the terms of the VI Trust Agreement, which property in Washington and elsewhere now consists of the condominium units described in Exhibit "A" attached hereto and by this reference incorporated herein and to which may, from time to time, be added additional property. The condominium units now described in said Exhibit "A" and each property added to this Declaration and Notice later in strict accordance with the provisions of this document are herein called the "Trust Estate."
4. The VI Program may be generally described as follows: it is a floating time, multiple resort location program. Each VI Owner has the right to use any unit or other property in the Trust Estate on an advanced reservation basis. The names and addresses of the initial and subsequent VI Owners are maintained and may be requested from the Developer under certain circumstances.
5. Among other things, the Trustee and Developer wish to give notice of the existence of the VI Trust Agreement and the imposition of it on the Trust Estate and the rights and

protections, with respect to the Trust Estate, afforded to VI Owners, individually and as members of the Vacation Internationale Owners Association, a Washington non-profit corporation (herein called "VI Owners Association").

NOW, THEREFORE, by executing and recording this Declaration and Notice in all the jurisdictions noted above, the Trustee and Developer give notice and declare as follows:

1. Declaration.

By this document, notice is given of the existence of the VI Program, the imposition of the VI Trust Agreement on the Trust Estate and the rights and protections of VI Owners thereunder with respect to the Trust Estate, and the parties further declare that the Trust Estate, and their respective estates, rights, title and interests therein, are and shall be subject to the limitations, restrictions, covenants and conditions of the VI Trust Agreement, as amended, including, without limitation, the provisions thereof providing for and protecting the rights of the VI Owners with respect to the Trust Estate, and to the provisions of this Declaration and Notice, all of which are declared and agreed to be in furtherance of the VI Program and to enhance, maintain, and protect the value and security of the time share interests of the VI Owners individually and as members of the VI Owners Association. All of these limitations, restrictions, covenants, and conditions of the VI Trust Agreement, as amended, and of this Declaration and Notice are and shall constitute covenants running with the land and equitable servitudes and liens and shall be binding forever upon and shall inure to the benefit of the Trust Estate and all further Owners and/or assigns of the Trust Estate, the Trustee, Developer, and the VI Owners individually and as members of the VI Owners Association, and their respective heirs, personal representatives, successors and assigns so long as the property has not been withdrawn from this Declaration and Notice in strict compliance with Paragraph 5 hereof.

2. Effect of this Declaration and Notice.

Among other things, after the recordation of this Declaration and Notice as aforesaid, anyone acquiring or claiming any title, lien, or any other interest whatsoever in the Trust Estate, or any portion thereof, is and shall be subject and subordinate to the interests, including without limitation the rights to use, of the VI Owners under the VI Program. The right to use the Trust Estate or the use of the Trust Estate is restricted solely to the Owners of the VI Program, in accordance with the VI Trust Agreement, Amended to the 10<sup>th</sup> day of June, 2004, recorded in this county and state.

(Notice: Pursuant to the VI Trust Agreement, as amended, the Trustee has neither the right nor power to grant any lien or other encumbrance, nor to incur any debt that may become a lien or other encumbrance, upon any portion of the Trust Estate, and its right and power to convey any title or other interest in any portion of the Trust Estate is substantially limited. Nothing in this paragraph is intended to or shall be construed to give the Trustee any such power or right. Furthermore, persons dealing with the Trustee are hereby given notice that the VI Trust Agreement imposes such limitations on the Trustee and that such persons are

under a duty of inquiry with respect to the Trustee's rights, duties and powers which are set forth completely in the VI Trust Agreement).

Nothing in this Declaration and Notice is intended or shall be construed, however, as affecting the right or lien of a lien holder whose lien on any portion of the Trust Estate was perfected prior to the execution and recordation of this Declaration and Notice or prior to the time the property covered by such lien is made part of the Trust Estate.

3. Purpose of this Declaration and Notice.

Among other things, this Declaration and Notice is intended to and shall be construed as having the same purpose and effect as a recorded "Notice of Time Share Plan" as defined in Section 514E-1 of the Hawaii Revised Statutes, as amended, and Chapter 94.833 Oregon Revised Statutes, as amended, whether or not this document complies in all respects with the requirements stated therefor in Chapter 514E, Hawaii Revised Statutes, as amended, and Chapter 94.833 Oregon Revised Statutes, as amended, and notice of such purpose and effect is hereby given to all.

4. Addition of Property Affected by this Declaration and Notice.

Without the consent of any other party or person, the Trustee may add property to the Trust Estate affected by this Declaration and Notice by executing and recording in all of said jurisdictions a supplement to this Declaration and Notice which shall: (a) describe in legal terms the property being added, and (b) contain a statement that such property is, by the execution and recording of the supplement, made a part of the Trust Estate affected by this Declaration and Notice.

5. Conditions for Withdrawal of Property Affected by this Declaration and Notice.

No portion of the Trust Estate affected by this Declaration and Notice now or later may be withdrawn from its effect except with the prior written consent of the VI Owners Association expressed in form acceptable for recording in all of said jurisdictions and attached to and recorded together with a supplement to this Declaration and Notice executed by the Trustee, describing the property being withdrawn and containing a statement that by the execution and recording of such supplement, together with said written consent by the VI Owners Association, such property is withdrawn from the Trust Estate affected by this Declaration and Notice. No joinder by the Developer is required, and the Developer may not make any withdrawal. Any attempted withdrawal not made in strict accordance with the provisions of this Paragraph is and shall be null and void.

6. No Amendment to this Declaration and Notice.

This Declaration and Notice may not be amended or otherwise modified except as provided in paragraphs 4 and 5 above and except with the prior written consent of the VI Owners Association expressed in form acceptable for recording of all of said jurisdictions and attached to and recorded together with the amendment of this Declaration and Notice



executed by the Trustee. Joinder by the Developer to such amendments is not required, and the Developer may not amend this Declaration and Notice in any manner. Any attempted amendment to this notice not strictly complying with the provisions of this paragraph is and shall be null and void.

7. Captions not Substantial.

The captions to the paragraphs of this document is for identification purposes only and are not intended to be substantive in nature.

8. Independence of the Declaration and Notice.

This Declaration and Notice is independent of all other documents, including the VI Trust Agreement, and shall be interpreted and construed according to its own terms.

IN WITNESS WHEREOF, this Declaration and Notice was executed the day and year first above written.

VRI DEVELOPMENT & SALES  
DBA VRI DEVELOPMENT & SALES, INC.,  
a California corporation

By Roy Fraser  
Roy Fraser  
Its President

STATE OF (Washington) ) ss.  
COUNTY (KING) )

Before me the undersigned Notary Public, duly commissioned and sworn, personally appeared Roy Fraser to me known to be the President of VRI Development & Sales dba VRI Development & Sales, Inc., a California corporation and who executed the within and foregoing instrument and acknowledged the instrument to be the free and voluntary act and deed of the corporation for the uses and purposes therein mentioned and on oath stated that he is authorized to execute the instrument.

WITNESS my hand and official seal affixed this 10th day of June, 2004.



Lisa Guenther  
Notary Public in and for the State of Washington  
residing at Seattle  
My commission expires May 15, 2008

**EXHIBIT "A" TO  
AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR THE PROTECTION OF TIME SHARE OWNERS AND NOTICE OF TIME SHARE  
PLAN OF THE VACATION INTERNATIONALE PROGRAM**

An Estate for Years or a Fee Simple interest in the following apartments have been conveyed to and are assets of the Vacation Internationale Trust ("VI Trust").

**ELKHORN VILLAGE, SUN VALLEY, ID**

The following apartments located in the "Elkhorn Village" condominium project, as shown on the Condominium Map for Elkhorn Village Condominiums, appearing in the records of Blaine County, Idaho, as Instrument No. 146337 ("Condominium Map"), and as defined and described in the Notice of Additions of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Condominiums (the "Condominium Declaration"), recorded in the records of Blaine County, Idaho, as Instrument No. 146338:

Unit No.	VI Trust End Date	Perpetual Interests in VI Trust	VI Owner Remainder Interests
2001	6/30/2024	1/52	46/52
2005	6/30/2024	-	100%
2009	6/30/2024	1/50	48/50
2012	-	100%	-
2018	6/30/2024	1/52	51/52
2025	-	100%	-
2028	-	100%	-
2032	-	100%	-
2033	-	100%	-
2036	-	100%	-
2047	6/30/2021	-	49/50
2063	6/30/2024	-	100%

**INDIAN SPRINGS, SUN VALLEY, IDAHO**

The following apartments located in the "Indian Springs" condominium project, as shown on the Condominium Map for Indian Springs Condominiums, appearing in the records of Blaine County, Idaho, as Instrument No. 151530 (the "Condominium Map"), and as defined and described in the Notice of Additions of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Indian Springs Condominiums (the "Condominium Declaration"), recorded in the records of Blaine County, Idaho, as Instrument No. 151531:

Unit No.	VI Trust End Date	Perpetual Interests in VI Trust	VI Owner Remainder Interests
2413 (73)	6/30/2024	1/52	51/52
2438 (88)	-	100%	-
2447 (94)	-	37/50	-
2490 (119)	-	100%	-
2499 (125)	6/30/2024	15/50	35/50
2458 (101)	-	100%	-
2493 (122)	6/30/2022	1/52	51/52
2507 (129)	6/30/2022	-	100%

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Sun Valley Elkhorn Association, Inc.  
Post Office Box 1708  
Sun Valley, Idaho 83353

**Instrument # 534284**

HAILEY, BLAINE, IDAHO  
2006-04-14 11:17:00 No. of Pages: 6  
Recorded for : SUN VALLEY ELKHORN ASSOC INC  
MARSHA RIEMANN Fee: 18.00  
Ex-Officio Recorder Deputy *mp*  
Index to: AMENDED COVENANTS & RESTRICTIONS

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

**FOURTH AMENDMENT TO MASTER DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
ELKHORN AT SUN VALLEY**

This Fourth Amendment to the Master Declaration of Covenants, Conditions and Restrictions Of Elkhorn At Sun Valley, ("Amendment"), supplementing and amending the Replacement Master Declaration of Covenants, Conditions and Restrictions Of Elkhorn At Sun Valley, recorded May 20, 1987 as Instrument No. 284533, records of Blaine County, Idaho, as amended by (i) the Amendment To Master Declaration recorded February 29, 1988 as Instrument No. 292649, records of Blaine County, Idaho, (ii) the Amendment To Master Declaration recorded April 11, 1997 as Instrument No. 400792, records of Blaine County, Idaho, and (iii) the Third Amendment to Master Declaration Of Covenants, Conditions And Restrictions Of Elkhorn At Sun Valley, recorded April 4, 2000 as Instrument No. 437922 ( the "Declaration"), is made as of the 2nd day of February, 2006.

I. Amendments. The Declaration is hereby amended and supplemented as follows:

A. The following language is added to Section 2.02:

From and after the date of recordation of the Fourth Amendment to this Master Declaration, the Master Association shall have the right, power, and authority, with the consent of the owner of the subject property, to designate and fix the respective use classification of such property annexed pursuant to Section 2.03. The procedure to accomplish the use classification will be the procedure set forth in the paragraph immediately above with the exception that the Master Association, rather than the Grantor, will fix the classification in a Supplemental Declaration as described in such paragraph.

B. Delete the first paragraph of Section 2.03 and substitute the following language therefore:

The Association, with the consent of the owner(s) of the subject property, may add any parcel of land described in Exhibit "B" to the property covered by this Declaration. Any action taken by the Association pursuant to the authority granted to it under this first paragraph of Section 2.03 shall include the preparation, execution and recording by the Association of a Supplemental Declaration with respect to the subject property, executed by the Association (in lieu of the Grantor) and the respective owner(s) and recorded by the Association.

If the owner(s) of the subject property or their predecessors and the Association have for three or more years treated a parcel of land described in Exhibit "B" as covered by this Declaration, but it is thereafter determined that there was a failure to comply with the time and/or documentation requirements set forth in the version of this Section 2.03 prior to the Fourth Amendment to this Declaration (the foregoing being considered a technical defect), then such failure or defect in such compliance may be remedied by the Association.

Any action taken by the Association pursuant to the authority granted it under this second paragraph of this Section 2.03 shall include the preparation and recording of a Supplemental Declaration with respect to the subject property executed and recorded by the Association (in lieu of the Grantor).

C. Delete all of Section 3.08 and substitute the following language therefore:

There shall be no excavation or construction on, or alteration that in any way alters the exterior appearance of, any Lot or Improvement in Elkhorn, nor removal of any portion of any Lot or Improvement in Elkhorn without the prior approval of the Architectural Design Committee pursuant to Article VIII hereof. Should any Owner violate the foregoing or alter the exterior appearance of any Lot or Improvement in a manner that does not comply with plans and specifications that were approved by the Architectural Design Committee, the alleged violation will be presented to the Violation Hearing Board (as defined and described in any then current Resolution of the Association's Board of Directors). The Violation Hearing Board shall provide notice to the Owner of the subject Lot or Improvement of the alleged violation, conduct a hearing, and, if it finds a violation, structure an appropriate remedy, which, without limitation, may include requiring the Owner to change an existing structure or bring the Lot or Improvement into compliance with the foregoing requirements of this Section 3.08.

D. Delete all of Section 3.09 and substitute the following language therefore:

There shall be no violation of the Master Declaration, the Articles, the Bylaws, the Elkhorn Rules, or the Elkhorn Restrictions. In addition to any other enforcement rights described in this Declaration or the Bylaws, or authorized by law, the Master Association may take any one or more of the following actions against any person or entity whose act or failure to act violates any of the foregoing:

1. Collect, as liquidated damages and/or monetary assessments, including late charges and interest, the amounts set forth in Schedule A attached hereto as amended from time to time by resolution of the Board. The Board, the Master Association and the Owners acknowledge that, as of the effective date of the adoption of Schedule A, it is difficult to ascertain or estimate the actual damages resulting from any specific violation. The Board, the Master Association and the Owners further agree that the amounts set forth in Schedule A, as amended by the Board from time to time, are a reasonable forecast of compensatory damages to the Master Association in the case of a violation as long as they are no greater than the highest assessments which may be imposed by any condominium owners association operating within Elkhorn, and reasonably relate to the actual damage likely to be incurred by the Master Association, as determined from time to time by the Board in the exercise of its discretion. Under and by virtue of the Fourth Amendment to the Declaration, the Owners waive any argument or contention that the amounts set forth in Schedule A as liquidated damages, as amended by the Board from time to time, are unenforceable as a penalty or by reason of not having been negotiated by the parties;
2. Suspend voting rights on any matter presented for a vote by Owners and reducing the number of votes required for passage with respect to such matter by the number of such Owners who are in violation;
3. Suspend use privileges for the Common Area;
4. Commence a legal action for actual damages, injunctive relief, or both.

The determination of whether to impose any of the foregoing sanctions shall be within the sole discretion of the Violation Hearing Board. Before invoking any such sanction, the Violation Hearing Board shall give such person or entity Notice and a Hearing. Any legal action may be brought in the name of the Master Association on its own behalf and on behalf of any Owner who consents. The prevailing party in any such action, shall be entitled to an award of its costs and reasonable attorneys' fees.

E. Delete all of Section 8.01 and substitute the following language therefore:

The Architectural Design Committee, sometimes referred to in the Master Declaration as "Design Committee" or "Committee," shall consist of at least five (5) members but no more than fifteen (15) members. Members shall be appointed to the Committee by the Board and shall serve until such time as the respective member has resigned or is removed or until his or her term has expired, if any term was prescribed. Members of the Committee may be removed by the Board at any time with or without cause.

F. Delete all of Section 8.03 and substitute the following therefore:

The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of a variance pursuant to Section 8.08. In the absence of such designation the vote of a majority of the members present at a duly constituted meeting attended by at least three (3) members, or the written consent of two thirds of the members of the Committee obtained without a meeting, shall constitute an act of the Committee.

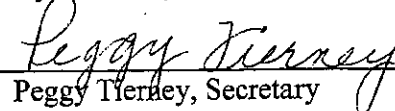
II. Construction. This Amendment and the Declaration are intended to be complimentary and one instrument. In the event of any ambiguity or inconsistency between this Amendment and the Declaration, the terms of this Amendment shall govern. Unless the context clearly requires a different meaning, all capitalized terms used in this Amendment shall have the meaning established in the Declaration.

III. Ratification. Except as otherwise expressly provided herein, the Declaration, as amended, is ratified and affirmed.

IV. Certification. The undersigned, President and Secretary of Sun Valley Elkhorn Association, Inc., hereby certify that this Amendment was approved and adopted by a vote of the required percentage of all Owners subject to the Declaration at a meeting held for that purpose on December 30, 2005.

Sun Valley Elkhorn Association Inc., an Idaho non-profit corporation

By:   
Nyle Barnes, President

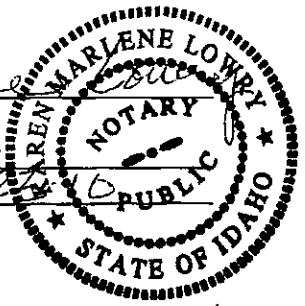
By:   
Peggy Tierney, Secretary

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 13<sup>th</sup> day of February, 2006, before me, Karen Marlene Lowry, a Notary Public in and for said State, personally appeared Nyle Barnes, known or identified to me to be the president of Sun Valley Elkhorn Association, Inc., the corporation that executed the within instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Karen Marlene Lowry  
Notary Public for Idaho  
Residing at Belleveue  
My commission expires 7.23

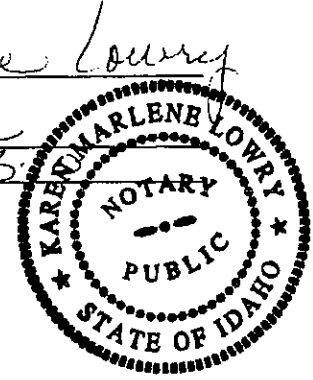


STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 13<sup>th</sup> day of February, 2006, before me, Karen Marlene Lowry, a Notary Public in and for said State, personally appeared Peggy Tierney, known or identified to me to be the secretary of Sun Valley Elkhorn Association, Inc., the corporation that executed the within instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Karen Marlene Lowry  
Notary Public for Idaho  
Residing at Belleveue  
My commission expires 7.23



# **SUN VALLEY ELKHORN ASSOCIATION**

## **SCHEDULE A**

### **FOURTH AMENDMENT TO MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF ELKHORN AT SUN VALLEY**

#### **Liquidated Damages and/or Monetary Assessments for Violation of Elkhorn Restrictions**

The following Liquidated Damages and/or Monetary Assessments shall be applicable to violations of the Elkhorn Rules:

#### **Class A Violation: \$10.00/day**

Signs (Section 3.04) - Real Estate Signs  
Unsightly Articles (Section 3.13) - Trash Cans  
Animals (Section 3.05) - Dogs Running at Large

#### **Class B Violation: \$25.00/day**

Maintenance of Buildings & Landscaping (Section 3.07) – Painting; Lawn Care  
Unsightly Articles (Section 3.13) - RV's; Utility Trailers

#### **Class C Violation: \$50.00/day**

Improvements & Alterations (Section 3.08)- Excavation or Construction without prior approval; Failure to complete pursuant to approved plans



Recording Requested by, with return to:  
Edward Simon  
Attorney at Law  
P.O. Box 540  
Ketchum, ID 83340  
208-726-2200

**Instrument # 623999**  
HAILEY, BLAINE, IDAHO  
1-21-2015 01:31:27 PM No. of Pages: 4  
Recorded for : ELKHORN VILLAGE CONDOMINIUMS  
JOLYNN DRAGE Fee: 19.00  
Ex-Officio Recorder Deputy  
Index to: AMENDED COVENANTS & RESTRICTIONS

**915**

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**NOTICE OF THIRD SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR  
ELKHORN VILLAGE CONDOMINIUMS**

This Third Supplemental Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Condominiums (hereinafter "Third" Supplemental Condominium Declaration) is made this 9<sup>th</sup> day of January, 2014. 5

**RECITALS**

- A. Whereby a proposed resolution came before the general membership meeting of the Association as described in the Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Condominiums, ("Declaration") and that proper notice was given according to the "Declaration"; and
- B. Pursuant to a resolution, vote of the membership, and adoption, in accordance with Article XV, Section 15.2, of the Declaration of Covenants, Conditions, and Restrictions for Elkhorn Village Condominiums, not less than seventy-five (75%) percent of the Condominium Owners having approved an amendment known herein as "Third Supplemental Condominium Declaration.

NOW, THEREFORE, IT IS HEREBY DECLARED:

- 1. Amendment to Article XV, Section 15.2: Substituting and deleting by amendment and changing the aggregate number of votes required to amend the CC&R's as follows:

Notice of the subject matter of a proposed amendment to the Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner, or the Management Body pursuant to Section 8.1 of the CC&R's, at a

NOTICE OF THIRD SUPPLEMENTAL DECLARATION OF CC&R'S-1

**Instrument # 282876**

meeting of members of the Association. The resolution shall be adopted by approval of Condominium Owners owning in the aggregate not less than two thirds (66.66%) interest in the common area. A copy of each amendment shall be certified by at least two officers of the Association and the amendment shall be effective when recorded in the public records of Blaine County, Idaho; provided further, that any of the following amendments to be effective must also be approved in writing by the record holder of all encumbrances on any Condominium at the time of such amendment:

A. Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to encumbrancers.

B. Any amendment which would necessitate an encumbrancer after it has acquired a Condominium through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing prior to foreclosure.

C. Any amendment which would or could result in an encumbrance being cancelled by forfeiture, or in the individual Condominiums not being separately assessed for tax purposes.

D. Any amendment relating to the insurance provisions as set out in Article XI hereof, or to the application of insurance proceeds, or to the disposition of any money received in any taking under condemnation proceedings.

A certificate, signed and sworn to by two officers of the Association, that the Owners holding at least two thirds (66.66%) percent interest in the Common Area have either voted for or consented in writing to any amendment adopted as above provided, when recorded, shall be conclusive evidence of such fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. Any amendment which requires the written consent of all the record holders of encumbrances shall be signed and sworn to by all such encumbrancers. When recorded, it shall be noted that such amendment has been so approved.

2. Effective Date and Affirmation of All Other Provisions: This Third Supplemental Declaration of Covenants, Conditions, and Restrictions shall be effective on the date of recording with the Blaine County Recorder. All other provisions of the Declaration of Covenants, Conditions, and Restrictions for Elkhorn Village Condominiums un-modified herein shall remain in full force and effect.

IN WITNESS WHEREOF, this Third Supplemental Declaration of Covenants, Conditions, and Restrictions has been executed.

ELKHORN VILLAGE CONDOMINIUM  
ASSOCIATION, INC.

By: Jeff Knight  
President Jeff Knight

By: Barry Lubinski  
Secretary Barry Lubinski

The undersigned President and Secretary of the Elkhorn Village Condominium Association, Inc. hereby certify that the Amendment as set forth above has been approved by the vote or written consent of Condominium Owners owning in the aggregate not less than 75 percent (75%) in the Common Area of the Elkhorn Village Condominiums pursuant to the terms and conditions of all Declarations, Covenants, Conditions in effect.

By: Jeff Knight  
President Jeff Knight

By: Barry Lubinski  
Secretary Barry Lubinski

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 9<sup>th</sup> day of Jan, <sup>2015</sup>2014, before me, the undersigned Notary Public in and for said state, personally appeared Jeff Knight the President of the corporation, known or identified to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same.

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

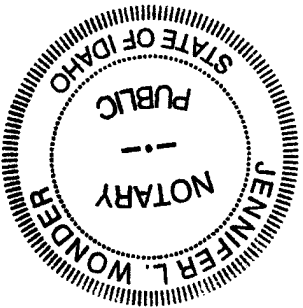


Stephanie Greenawalt  
Notary Public for: Ketchum Idaho Blaineco  
Residing at:  
My commission expires: April 24, 2010

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 15<sup>th</sup> day of January, <sup>2015</sup>2014, before me, the undersigned Notary Public in and for said state, personally appeared BARRY WUBOVISEK the Secretary of the corporation, known or identified to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same.

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



Jennifer Wondra  
Notary Public for:  
Residing at: KETCHUM, ID  
My commission expires: 8/19/17

Recording Requested by, with return to:  
Edward Simon  
Attorney at Law  
P.O. Box 540  
Ketchum, ID 83340  
208-726-2200

**Instrument # 624000**  
HAILEY, BLAINE, IDAHO  
1-21-2015 01:36:22 PM No. of Pages: 3  
Recorded for : ELKHORN VILLAGE CONDOMINIUMS  
JOLYNN DRAGE Fee: 16.00  
Ex-Officio Recorder Deputy  
Index to: AMENDED COVENANTS & RESTRICTIONS

*JB*

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**NOTICE OF FOURTH SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR  
ELKHORN VILLAGE CONDOMINIUMS**

This Fourth Supplemental Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Condominiums (hereinafter " Fourth" Supplemental Condominium Declaration) is made this 9 day of January, 2014.5

**RECITALS**

- A. Whereby a proposed resolution came before the general membership meeting of the Association as described in the Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Condominiums, ("Declaration") and that proper notice was given according to the "Declaration"; and
- B. Pursuant to a resolution, vote of the membership, and adoption, in accordance with Article XV, Section 15.2, of the Declaration of Covenants, Conditions, and Restrictions for Elkhorn Village Condominiums, not less than seventy-five (75%) percent of the Condominium Owners having approved an amendment known herein as "Fourth" Supplemental Condominium Declaration.

NOW, THEREFORE, IT IS HEREBY DECLARED:

- 1. Amendment to Section 10.3: Supplementing by amendment and adding, Section 10.3(a) **NO SMOKING ON PREMISES** as follows:

The smoking of tobacco products having been determined to be a health hazard to both users, and to persons in proximity by second hand smoke; and, in addition is a noxious and offensive activity to the Condominium Owners. The Elkhorn Village Condominiums is declared to be a **NO SMOKING AREA** on the premises, defined as all territory incorporated in

NOTICE OF FOURTH SUPPLEMENTAL DECLARATION OF CC&R'S-1

**Instrument # 282876**

Article II, Declaration of Covenants, Conditions and Restrictions Establishing a Condominium Plan for Elkhorn Village Condominiums as recorded as Instrument No. 146338, and as supplemented or amended thereafter.

2. Effective Date and Affirmation of All Other Provisions: This Fourth Supplemental Declaration of Covenants, Conditions, and Restrictions shall be effective on the date of recording with the Blaine County Recorder. All other provisions of the Declaration of Covenants, Conditions, and Restrictions for Elkhorn Village Condominiums un-modified herein shall remain in full force and effect.

IN WITNESS WHEREOF, this Fourth Supplemental Declaration of Covenants, Conditions, and Restrictions has been executed.

ELKHORN VILLAGE CONDOMINIUM ASSOCIATION, INC.

By: \_\_\_\_\_  
President

*Jeff Knight*  
\_\_\_\_\_

By: \_\_\_\_\_  
Secretary

*Bary Lubinski*  
\_\_\_\_\_

The undersigned President and Secretary of the Elkhorn Village Condominium Association, Inc. hereby certify that the Amendment as set forth above has been approved by the vote or written consent of Condominium Owners owning in the aggregate not less than seventy-five percent (75.00%) in the Common Area of the Elkhorn Village Condominiums pursuant to the terms and conditions of all Declarations, Covenants, Conditions in effect.

By: \_\_\_\_\_  
President

*Jeff Knight*  
\_\_\_\_\_

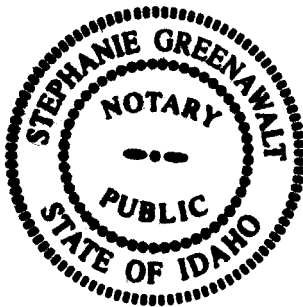
By: \_\_\_\_\_  
Secretary

*Bary Lubinski*  
\_\_\_\_\_

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 9<sup>th</sup> day of Jan, <sup>2015</sup>~~2014~~, before me, the undersigned Notary Public in and for said state, personally appeared Jeff Knight the President of the corporation, known or identified to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same.

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

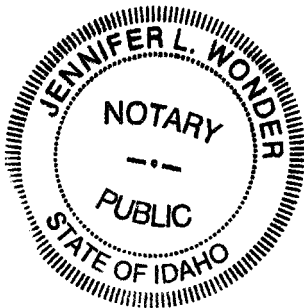


Stephanie Greenwalt  
Notary Public for: Blaine Co, Idaho  
Residing at:  
My commission expires: April 24, 2020

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 15<sup>th</sup> day of Jan, <sup>2015</sup>~~2014~~, before me, the undersigned Notary Public in and for said state, personally appeared BARRY WLOUISKA the Secretary of the corporation, known or identified to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same.

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



Jennifer Wonder  
Notary Public for: KETCHUM, ID  
Residing at:  
My commission expires: 8/19/17