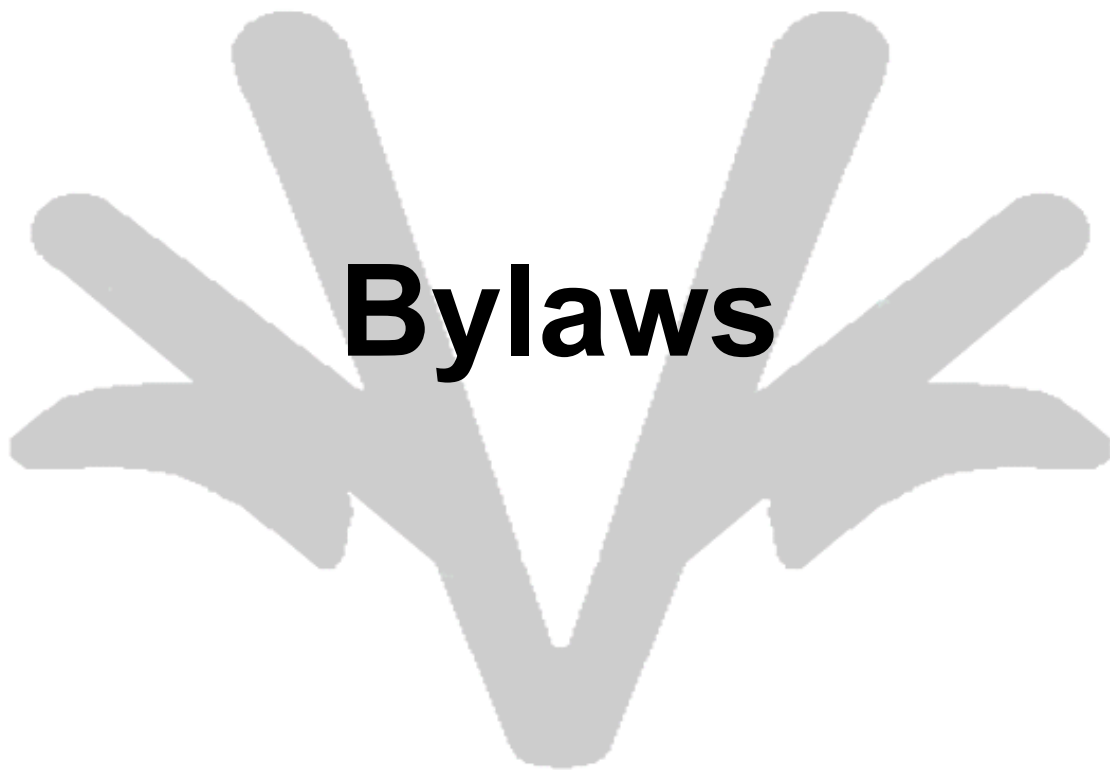


Sun Valley Elkhorn Association, Inc.



Amended and Restated December 30, 2008

P. O. Box 1708 * Sun Valley, ID 83353 * 208-622-7420 * Fax 208-622-3215

Email svea@cox-internet.com

Web-site www.elkhorn-assoc.org

**AMENDED AND RESTATED BYLAWS
OF
SUN VALLEY ELKHORN ASSOCIATION, INC.**

**ARTICLE I
FORMATION OF THE ASSOCIATION**

Section 1. Formation.

On June 19, 1972, the Association was organized as an Idaho nonprofit corporation by executing and delivering the Articles of Incorporation to the Idaho Secretary of State in accordance with and pursuant to the Act.

Section 2. Registered Office.

The registered office of the Sun Valley Elkhorn Association, Inc. (the "**Association**") required by the Idaho Nonprofit Corporation Act ("**Act**") to be continuously maintained in the state of Idaho may, but need not, be the same as any of its principal places of business in the state of Idaho. In any case, the Association's registered office shall be the business office of the registered agent required by the Act to be continuously maintained in the state of Idaho. The address of the registered office may be changed from time to time by the Board of Directors or the President of the Association by delivering a statement to the Idaho Secretary of State containing the information required by the Act or by indicating such change in the annual report required by the Act to be filed with the Secretary of State.

Section 3. Principal Office; Other Offices.

The principal office of the Association shall be The Harker Center, 1 Harker Lane, Sun Valley, Idaho. The Association may also have and maintain an office or principal place of business in Idaho, or at such other place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the state of Idaho, as the Board of Directors may from time to time determine or the business of the Association may require.

Section 4. Corporate Seal.

The Association may have a corporate seal, which may be altered at will by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 5. Declaration.

The "Declaration" shall mean, collectively, the Master Declaration of Covenants, Conditions and Restrictions of Elkhorn At Sun Valley recorded in the records of Blaine County, Idaho on March 24, 1972 as Instrument No. 14929 and any amendments or supplements recorded or to be recorded pursuant thereto, and applicable to the property located in the County of Blaine, State of Idaho, legally described as set forth in Exhibit "A" to the Declaration.

Section 6. Other Definitions.

Each and every definition set forth in ARTICLE I of the Declaration shall have the same meaning herein as therein, and each and every such definition is incorporated by reference herein and made a part hereof.

**ARTICLE II
MEMBERSHIP; VOTING RIGHTS**

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

ARTICLE III VOTING

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 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 herein below. 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 Owners' 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 Owners' 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 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.

ARTICLE IV MEMBERS' MEETINGS

Section 1. Time, Place and Notice of Meetings.

The time, place and notice of annual and special meetings of Members, and the requirements for notice thereof, shall be as set forth in Section 2C of ARTICLE III of these bylaws. If no place is designated by the Board of Directors or if a special meeting be called otherwise than by or at the direction of the Board of Directors, the place of meeting shall be the principal office of the Association.

Section 2. Waiver of Notice.

Notice of any meeting of Members may be waived in writing, signed by the person entitled to notice thereof and delivered to the Association for inclusion in the corporate minutes or filing with the corporate records, either before or after the date and time stated in the notice. A Member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and further waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice unless the Member objects to considering the matter when it is presented. Any Member so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice hereof had been given.

Section 3. Adjournment and Notice of Adjourned Meetings.

Any meeting of Members at which a quorum is present, whether annual or special, may be adjourned from time to time by the vote of a majority of the votes entitled to be cast at the meeting not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called. If an annual or special Members' meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed, however, notice of the adjourned meeting must be given under this Section to persons who are Members as of the new record date. At the adjourned meeting the Association may transact any business which might have been transacted at the original meeting provided that the quorum requirement at the adjourned meeting shall be at least twenty-five percent (25%) of the votes entitled to be cast in person or by proxy.

Section 4. Proxies.

A Member may appoint a proxy to vote or otherwise act for the member by signing an appointment form or by an electronic transmission, either personally or by the member's attorney-in-fact. The electronic transmission must contain or be accompanied by information from which one can reasonably verify that the Member, the Member's agent, or the Member's attorney-in-fact authorized the transmission. An appointment of proxy is effective upon receipt, when filed with the Secretary twenty-four (24) hours before the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the appointment form, but in no event can a proxy be valid for more than three (3) years. An appointment of a proxy is revocable in accordance with the provisions of the Act. The death or incapacity of the Member appointing a proxy does not affect the right of the Association to accept the proxy's authority unless notice of the death or incapacity is received by the inspector of election or the officer or agent of the Association authorized to tabulate votes before the proxy exercises the proxy's authority under the appointment. Subject to the acceptance of votes and to any express limitation on the proxy's authority stated in the appointment form or electronic transmission, the Association is entitled to accept the proxy's vote or other action as that of the Member making the appointment. Proxy voting shall not be permitted when Member votes are solicited by written ballot to be cast without a meeting.

Section 5. Voting Rights.

Except as otherwise provided by law, only persons in whose names Membership appears on the records of the Association on the record date, shall be entitled to vote on any matter. Unless the Articles of Incorporation provide otherwise, each Member is entitled to one (1) vote on each matter voted on at a Members' meeting. If a quorum exists, action on a matter, other than the election of directors, is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of

Incorporation or the Act require a greater number of affirmative votes. In any election of the Members of the Board, every Member entitled to vote at such election shall have the right to cumulate his votes and give one candidate, or divide among any number of candidates, a number of votes equal to the number of votes to which that Member is entitled in voting upon other matters multiplied by the number of directors to be elected.

Section 6. Association's Acceptance of Votes.

(a) If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a Member, the Association if acting in good faith is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the Member.

(b) If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the name of its Member, the Association if acting in good faith is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the Member if:

(i) The Member is an entity and the name signed purports to be that of an officer, partner, manager, trustee, or agent of the entity;

(ii) The name signed purports to be that of an administrator, executor, guardian, or conservator representing the Member and, if the Association requests, evidence of fiduciary status acceptable to the Association has been presented with respect to the vote, consent, waiver, or proxy appointment;

(iii) The name signed purports to be that of a receiver or trustee in bankruptcy of the Member and, if the Association requests, evidence of this status acceptable to the Association has been presented with respect to the vote, consent, waiver, or proxy appointment;

(iv) The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the Member and, if the Association requests, evidence acceptable to the Association of the signatory's authority to sign for the Member has been presented with respect to the vote, consent, waiver, or proxy appointment;

(v) Two or more persons are the Member as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners.

(c) The Association is entitled to reject a vote, consent, waiver, or proxy appointment if the inspector of election or the officer or agent of the Association authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Member.

Section 7. List of Members.

After fixing a record date for a meeting, the Association shall prepare an alphabetical list of the names of all its Members who are entitled to notice of such meeting. The list must show the address and the number of votes each Member is entitled to. The Members' list must be available for inspection by any Member, beginning two (2) business days after notice of the meeting is given and continuing through the meeting, at the Association's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A Member, a Member's agent, or attorney is entitled on written demand to inspect and, subject to the requirements of the Act, to copy the list, during regular business hours and at the Member's expense, during the period it is available for inspection. The Association shall make the Members' list available at the meeting; and any member, member's agent, or attorney is entitled to inspect the list at any time during the meeting or any adjournment. Refusal or failure to prepare or make available the Members' list does not affect the validity of any action taken at the meeting.

Section 8. Conduct of Meeting.

At every meeting of Members, the Chairman, or, if a Chairman has not been appointed or is absent, the President or, if the President is absent, the most senior executive officer present, or in the absence of any such officer, a chairman of the meeting chosen by a majority in interest of the Members entitled to vote, present in person or by proxy, shall act as chairman. The Secretary shall act as secretary of the meeting.

The order of business shall be as determined by the Board. The meeting shall employ parliamentary procedure, as determined and adopted by the Board.

Section 9. Action without Meeting.

Action required or permitted by the Act to be taken at a Members' meeting may be taken without a meeting if the action is taken by more than fifty percent (50%) of the Members entitled to vote on the action. No written consent shall be effective to take the corporate action unless, within sixty (60) days of the earliest date appearing on a consent delivered to the Association in the manner required by Section 30-3-49, Idaho Code, written consents signed by more than fifty percent (50%) of the Members entitled to vote on the action are received by the Association. The action must be evidenced by one (1) or more written consents bearing the date of signature and describing the action taken, signed by more than fifty percent (50%) of Members entitled to vote on the action, and delivered to the Association for inclusion in the minutes or filing with the corporate records. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document.

Section 10. Nomination of Directors.

Nominations of persons for election to the Board of Directors of this Association at the annual meeting of Members may be made at such meeting by or at the direction of the Board of Directors, or by any nominating committee or person appointed by the Board of Directors. At such election, the Members, or their proxies, may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of these Bylaws. The candidates receiving the highest number of votes shall be deemed elected.

ARTICLE V DIRECTORS

Section 1. Powers.

All corporate powers shall be exercised by or under the authority, and the business and affairs of the Association shall be managed by or under the direction, of the Board of Directors, subject to any limitations set forth in the Articles of Incorporation or any agreement authorized under the Act.

Section 2. Variable Range-Size Board; Qualifications.

The authorized number of directors of the Association may range between three (3) and nine (9), and the number of directors may be increased or decreased from time to time by amendment to or in the manner provided by law or in these Bylaws by the Board of Directors or the Members. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. A director need not be a resident of the state of Idaho or a Member of the Association unless so required by the Articles of Incorporation. If for any cause the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the Members called for that purpose in the manner provided by law or in these Bylaws.

Section 3. Term.

Directors' terms shall be staggered. Directors are elected at each annual meeting of the Members, and shall serve a term of three (3) years. Despite the expiration of the director's term, a director shall continue to serve until the director's successor is duly elected and qualified, or until there is a decrease in the number of directors, or until the director's earlier death, resignation or removal. No director shall be elected for more than two (2) consecutive three year terms. A director who has served two (2) consecutive three year terms may be reelected after remaining off the Board of Directors for a one (1) year period of time.

Section 4. Resignation.

A director may resign at any time by delivering written notice to the Board of Directors, its chairman, or the Association. A resignation is effective when the notice is delivered unless the notice specifies a later

effective date, in which event the resignation shall become effective at such later time. Unless specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective.

Section 5. Removal by Members.

The Members may remove one (1) or more directors with or without cause. A director may be removed only by a majority vote of the Members entitled to vote. In any action to remove a director or directors each Member shall be entitled to cumulate his or her votes. A director may be removed by the Members only at a meeting called for the purpose of removing the director; and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the director.

Section 6. Removal by Board.

The Board shall have the power and authority to remove a director with cause by the vote of two thirds ($\frac{2}{3}$) of the directors then in office and subject to the provisions of Section 30-3-70, Idaho Code, and declare his or her position vacant if he or she: (i) has been declared of unsound mind by a final court order; (ii) has been convicted of a felony; (iii) fails to attend two consecutive regular meetings of the Board of Directors that have been duly noticed and regularly scheduled; or (iv) becomes more than sixty (60) days delinquent in payment of any assessment.

Section 7. Removal Arising Out of Court Action.

In the event that there is a final judgment or order of any court concluding that a director has breached his or her duties, the Board shall consult with counsel as to whether or not that court determination requires a declaration of vacancy.

Section 8. Newly Created Directorships and Vacancies.

Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause may be filled by the affirmative vote of a majority of the remaining directors then in office even if they constitute fewer than a quorum of the authorized Board of Directors, or may be filled by the Members. A director elected to fill a vacancy shall be elected for the unexpired term of the director's predecessor in office.

Section 9. Meetings.

(a) Regular Meetings. Regular meetings of the Board of Directors shall be held annually following the meeting of the Members and at such other times and places as determined by the Board from time to time. After the time and place of regular meetings are fixed, no further notice thereof need be given. Any attendance by a Member shall constitute waiver of notice.

(b) Place of Meetings. Regular and special meetings of the Board of Directors, or of any committee designated by the Board, may be held at any place within or without the state of Idaho, as determined by the Board.

(c) Telephone Meetings. Any Member of the Board of Directors, or of any committee thereof, may participate in a regular or special meeting by, or conduct the meeting through the uses of, any means of conference telephone or similar communications equipment by which all directors participating in the meeting may simultaneously hear each other during the meeting. A director participating in a meeting by such means is deemed to be present in person at such meeting.

(d) Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by any two (2) directors, after not less than five (5) days prior notice to each director, which notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of the date, time and place of the meeting of the Board (except emergencies) shall be given to the Members of the Board at least five (5) days prior to the special meeting. Such notice shall be given by posting at the Association's office, by mail or delivery of the notice to each residence, email, or by newsletter or similar means of communication, as enumerated in Article 9 herein.

(e) Waiver of Notice. A director may waive any notice required by the Act, the Articles of Incorporation or these Bylaws at any time before or after the date and time stated in the notice. Except as

otherwise provided, such waiver must be signed by the director and filed with the minutes, or corporate records. The attendance of a director at or participation in a meeting shall constitute a waiver of notice of such meeting unless the director, at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting any business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

Section 10. Quorum and Voting.

(a) Quorum. A quorum of the Board of Directors consists of a majority of the number of directors prescribed, or if no number is prescribed the number in office immediately before the meeting begins.

(b) Majority Vote. If a quorum is present at the commencement of the meeting at which a vote is taken, the affirmative vote of the majority of the directors present shall be the act of the Board of Directors, unless the Articles of Incorporation or these Bylaws require the vote of a greater number of directors.

Section 11. Action Without a Meeting.

Any action required or permitted by the Act to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if the action is taken by all Members of the Board if each Director signs a consent describing the action to be taken and delivers it to the Association. Action taken under this Section is the act of the Board of Directors when one or more consents signed by all Directors are delivered to the Association. The consent may specify the time at which the action taken thereunder is to be effective. A director's consent may be withdrawn by a revocation signed by the director and delivered to the Association prior to the delivery to the Association of unrevoked written consents signed by all of the Directors. A consent signed under this Section has the effect of action taken at a meeting of the Board of Directors and may be described as such in any document.

Section 12. Conduct of Meetings.

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

Section 13. Fees and Compensation.

No director shall receive any compensation for any service rendered to the Association; provided, however, any director may be reimbursed for actual out-of-pocket expenses incurred in the performance of duties. All claims for reimbursement must be accompanied by receipt or invoice, and signed and dated by the director claiming the expense.

Section 14. Standards for Directors.

Each member of the Board of Directors, when discharging the duties of a director, shall act in good faith and in a manner the director reasonably believes to be in the best interests of the Association. The members of the Board of Directors or a committee of the Board, when becoming informed in connection with their decision-making function or devoting attention to their oversight function, shall discharge their duties with the care that a person in a like position would reasonably believe appropriate under similar circumstances. In discharging board or committee duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

- (a) One (1) or more officers or employees of the Association whom the director reasonably believes to be reliable and competent provided the information, opinion, reports, or statements;

- (b) Legal counsel, public accountants or other persons retained by the Association, as to matters involving skills or expertise the director reasonably believes are matters:
 - (i) Within the particular person's professional or expert competence; or
 - (ii) As to which the particular person merits confidence; or
 - (iii) A committee of the Board of which the director is not a Member if the director reasonably believes the committee merits confidence.

A director shall not be liable to the Association or its Members for any decision to take or not to take action; or any failure to take action, as an officer, if the duties of the office are performed in compliance with this Section. Whether a director who does not comply with this section shall have liability will depend in such instance on applicable law, including those principles of Section 30-3-85, Idaho Code, that have relevance.

Section 15. Powers and Duties of Board.

(a) Powers. The Board shall have all powers conferred upon the Association as set forth under the Act, the Articles, these Bylaws, and in the Declaration, excepting only those powers expressly reserved to the members.

(b) Duties. It shall be the duty of the Board: (i) to cause to be kept a complete record of all of its acts and doings and to present a statement thereof to the Members at each annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members; (ii) to exercise supervisory authority over all officers, agents and employees of the Association, and to see that their duties are properly performed; and (iii) to delegate its powers as provided in the Declaration and these Bylaws.

Section 16. Committees.

The Board of Directors may create one or more committees and appoint one or more Members of the Board of Directors to serve on any such committee. Each committee must have two or more Members, each of whom shall serve at the pleasure of the Board of Directors.

ARTICLE VI OFFICERS

Section 1. Officers Designated.

The officers of the Association may consist of a President, a Vice President, a Secretary and a Treasurer, each of whom shall be designated by and serve at the pleasure of the Board of Directors in accordance with these Bylaws. The Board of Directors or the President may appoint such other officers as may be deemed necessary or desirable. With the exception of the Secretary and Treasurer, as well as additional appointed offices, no officer may simultaneously hold more than one office. The President and Vice President shall at all times be members of the Board.

Section 2. Tenure and Duties of Officers.

(a) Election of Officers. The election of officers shall take place annually at the meeting of the Board following each annual meeting of the Members.

(b) Term of Office. Each officer shall hold office for one year unless the officer shall sooner resign, or shall be removed, or shall otherwise be or become disqualified to serve. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(c) The President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. The President shall, when present, preside at all meetings of the Board of Directors and Members and shall see that all orders or resolutions of the Board are carried out. The President may sign all leases, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution

thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

(d) The Vice President. In the absence of the President or in the event of the President's removal, resignation, death, or inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President, and shall perform other duties as from time to time may be assigned to the Vice President by the Board of Directors.

(e) The Treasurer. The Treasurer shall: (i) have charge and custody of and be responsible for all funds of the Association; (ii) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories; (iii) keep proper books of account; (iv) cause an annual operating statement reflecting income and expenditures of the Association for its fiscal year to be prepared and shall cause copies of said statement to be distributed to each Member within sixty (60) days after the end of such fiscal year; and (v) cause an annual budget to be prepared and presented to each Member.

(f) The Secretary. The Secretary shall: (i) attend all meetings and keep the minutes of the meetings and other proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) be custodian of and responsible for maintenance and authentication of the corporate records as required to be kept pursuant to the Act; (iv) keep a register of the address of each Member which shall be furnished to the Secretary by such Member; and (v) in general perform all duties commonly incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

Section 3. Resignations.

Any officer may resign at any time by delivering written notice to the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or time, in which event the resignation shall become effective at such later date or time. If the Board or appointing officer accepts the future effective time, the Board or the appointing officer may fill the pending vacancy before the effective time if the Board or the appointing officer provides that the successor does not take office until the effective time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective.

Section 4. Removal.

An officer may be removed at any time with or without cause by the Board of Directors, or by any other officer if authorized by these Bylaws or the Board.

Section 5. Compensation.

Officers shall receive such reasonable compensation for any service rendered to the Association as may be authorized by the Board; provided, however, any officer may be reimbursed for actual out-of-pocket expenses incurred in the performance of duties. All claims for reimbursement must be accompanied by receipt or invoice, and signed and dated by the officer claiming the expense.

Section 6. Standards of Conduct.

- (a) An officer when performing in such capacity shall act:
- (i) In good faith;
 - (ii) With the care that a person in a like position would reasonably exercise under similar circumstances; and
 - (iii) In a manner the officer reasonably believes to be in the best interests of the Association.

(b) In discharging those duties an officer who does not have knowledge that makes reliance unwarranted, is entitled to rely on:

(i) The performance of properly delegated responsibilities by one (1) or more employees of the Association whom the officer reasonably believes to be reliable and competent in performing the responsibilities delegated; or

(ii) Legal counsel, public accountants, or other persons retained by the Association as to matters involving skill or expertise the officer reasonably believes are matters:

(1) Within the particular person's professional or expert competence; or

(2) As to which the particular person merits confidence.

(c) An officer shall not be liable to the Association or its Members for any decision to take or not to take action; or any failure to take action, as an officer, if the duties of the office are performed in compliance with this section. Whether an officer who does not comply with this section shall have liability will depend in such instance on applicable law, including those principles of Section 30-3-85, Idaho Code, having relevance.

ARTICLE VII ASSESSMENTS

Section 1. Liability for Assessments; Collection.

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

ARTICLE VIII INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Scope of Indemnification.

The Association may indemnify and advance funds to or for the benefit of the directors and officers of the Association to the fullest extent permitted by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Association to provide broader indemnification rights than the Act permitted the Association to provide prior to such amendment).

Section 2. Mandatory Indemnification of Directors.

(a) The Association shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because the individual was a director of the Association against reasonable expenses incurred by the director in connection with the proceeding. Except as otherwise provided in this Section, the Association shall also indemnify an individual who is a party to a civil proceeding because the individual is a director against liability incurred in the proceeding if:

(i) The director's conduct was in good faith; and

(ii) The director reasonably believed:

(1) In case of conduct in the director's official capacity, that the director's conduct was in the best interests of the Association; and

(2) In all cases, that the director's conduct was at least not opposed to the best interests of the Association.

Section 3. Further Indemnification of Directors.

(a) Except as otherwise provided in this Section, the Association may indemnify a director who is a party to a criminal proceeding against liability incurred in the proceeding if:

(i) The director's conduct was in good faith; and

(ii) The director reasonably believed:

(1) In case of conduct in the director's official capacity, that the director's conduct was in the best interests of the Association; and

(2) In all cases, that the director's conduct was at least not opposed to the best interests of the Association; and

(3) the director had no reasonable cause to believe the conduct was unlawful.

(b) The termination of a proceeding by judgment, order, settlement, or conviction, or upon a plea or nolo contendere or its equivalent, is not, of itself, determinative that the director did not meet the relevant standard of conduct described in this Section.

(c) Unless ordered by a court under the Act, the Association may not indemnify a director in connection with a proceeding by or in the right of the Association, except for reasonable expenses incurred in connection with the proceedings unless it is determined that the director has met the relevant standard of conduct under subsection (1) of this Section, or as otherwise prescribed in Section 30-3-88, Idaho Code.

Section 4. Advance for Expenses.

(a) The Association shall, before final disposition of a proceeding, advance funds to pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding if the director delivers to the Association:

(i) A written affirmation of the director's good faith belief that the director has met the relevant standard of conduct described in Section 3 above; and

(ii) The director's written undertaking to repay any funds advanced if the director is not entitled to mandatory indemnification, and it is ultimately determined that s/he has not met the relevant standard of conduct described in Section 3 above.

(b) The undertaking required by subsection (a)(ii) of this Section 4 must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to the financial ability of the director to make repayment.

Section 5. Determination of Indemnification.

(a) The Association may not indemnify a director under Section 3, unless a determination has been made that indemnification of the director is permissible because the director has met the relevant standard of conduct set forth in Section 3.

(b) The determination shall be made in accordance with Section 30-3-88(4), Idaho Code.

Section 6. Indemnification of Officers.

The Association may indemnify and advance expenses to an officer of the Association who is a party to a proceeding because the individual is an officer of the Association to the same extent as a director.

Section 7. Insurance.

The Association shall purchase and maintain insurance on behalf of an individual who is a director or officer of the Association, or who, while a director or officer of the Association, serves at the Association's request as a director, officer, partner, trustee, employee, or agent of another domestic or foreign Association, partnership, joint venture, trust, employee benefit plan, or other entity, against liability asserted against or incurred by the individual in that capacity or arising from the individual's status as a director or

officer, whether or not the Association would have power to indemnify or advance expenses to the individual against such liability.

Section 8. Construction.

Sections 1 through 8 of this Article VIII shall be construed in accordance with Section 30-3-88(8), Idaho Code.

Section 9. Amendments.

The provisions of this Article VIII shall not be amended by the Members of the Association without the vote or written consent of eighty percent (80%) of the Members. Any repeal, amendment or modification of this Article VIII shall only be prospective and shall not affect the rights under this Article VIII in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any director or officer.

Section 10. Saving Clause.

If this Article VIII of these Bylaws or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Association shall nevertheless indemnify each director and may nevertheless indemnify each officer to the full extent permitted by any applicable portion of this Article VIII that shall not have been invalidated, or by any other applicable law.

ARTICLE IX NOTICES

Section 1. Methods of Notice.

(a) Any notice under the Act or these Bylaws must be in writing unless oral notice is reasonable under the circumstances. Notice by electronic transmission is written notice.

(b) If oral notice is deemed reasonable, it may be communicated in person; by mail or other method of delivery; or by telephone, voice mail or other electronic means. If these forms of personal notice are impracticable, notice may be communicated by newspaper of general circulation in the area where published, or by radio, television or other form of public broadcast communication.

(c) It shall not be necessary that the same method of giving notice be employed in respect of all directors or Members. One permissible method may be employed in respect of any one or more directors or Members; and any other permissible method or methods may be employed in respect of any other or others.

Section 2. Notice to Association.

Written notice to the Association may be addressed to its registered agent at its registered office or to the Association or its Secretary at its principal office shown in its most recent annual report filed with the Idaho Secretary of State.

Section 3. Effective Date of Notice.

(a) Written notice by the Association to its Member, if in a comprehensible form, is effective:

(i) Upon deposit in the United States mail, if mailed postpaid and correctly addressed to the Member's address shown in the Association's current record of Members, or

(ii) When electronically transmitted to the Member in a manner authorized by the Member.

(b) Except as provided above, written notice, if in a comprehensible form, is effective at the earliest of the following:

(i) When received;

(ii) Five (5) days after its deposit in the United States mail, if mailed postpaid and correctly addressed;

(iii) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

(c) Oral notice is effective when communicated if communicated in a comprehensible manner.

Section 4. Address Unknown.

If no address of a Member or director be known, notice may be sent to the office of the Association required to be maintained pursuant to Article I, Section 2.

Section 5. Affidavit of Mailing.

An affidavit of mailing, executed by a duly authorized and competent employee of the Association, specifying the name and address or the names and addresses of the Member or Members, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained.

Section 6. Failure to Receive Notice.

The period or limitation of time within which any Member may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent to the Member in the manner above provided, shall not be affected or extended in any manner by the failure of such Member or such director to receive such notice.

Section 7. Exception to Notice Requirement.

(a) Whenever notice is required to be given under any provision of these Bylaws to any Member, such notice shall not be required to be given if notice of two consecutive annual meetings, and all notices of meetings during the period between such two consecutive annual meetings, have been sent to such Member at such Member's address as shown on the records of the Association and have been returned undeliverable.

(b) If any such Member shall deliver to the Association a written notice setting forth such Member's then-current address, the requirement that notice be given to such Member shall be reinstated.

ARTICLE X RECORDS AND REPORTS

Section 1. Corporate Records.

(a) The Association shall keep as permanent records minutes of all meetings of its Members and Board of Directors, a record of all actions taken by the Members or Board of Directors without a meeting, and a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Association.

(b) The Association shall maintain appropriate accounting records.

(c) The Association or its agent shall maintain a record of its Members, in a form that permits preparation of a list of the names and addresses of all Members, in alphabetical order.

(d) The Association shall keep a copy of the following records at its principal office:

(i) Its Articles of Incorporation and all amendments to them currently in effect; and

(ii) Its Bylaws or Restated Bylaws and all amendments to them currently in effect.

**ARTICLE XI
GENERAL PROVISIONS**

Section 1. Interpretation; Severability.

These Bylaws may contain any provision for managing the business and regulating the affairs of the Association that is not inconsistent with law, the Declaration, or the Articles of Incorporation. In the event any provision of these Bylaws is inconsistent with law, the Declaration, or the Articles of Incorporation, such law, Declaration, or Articles of Incorporation shall govern. If any one or more of the provisions contained in these Bylaws, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

Section 2. Fiscal Year.

The fiscal year of the Association shall be the twelve (12) month period ending October 31, or such other fiscal year adopted by resolution of the Board after consultation with the Association's independent accountants.

Section 3. Proof of Membership.

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

Section 4. Absentee Ballots.

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

**ARTICLE XII
AMENDMENTS**

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 (2/3rds) of the voting power of the Members present at such meetings; provided, however, that Article III, Section I and Article III, Section 2A through 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.

CERTIFICATE

The foregoing amended and restated bylaws of the Sun Valley Elkhorn Association, Inc., an Idaho nonprofit association, were adopted by the Members of the Association effective on the 30th day of December, 2008.

Secretary