

BYLAWS
OF
STARWEATHER SUBDIVISION
PROPERTY OWNER'S ASSOCIATION, INC.

ARTICLE I
OFFICES

The principal office and place of business of the association in the State of Idaho, is and shall be located at 319 Walnut Avenue, Ketchum, Blaine County, State of Idaho. The post office address of the office shall be 297, Ketchum, Idaho. The Board of Directors is hereby granted full authority and power to change the office location to any other convenient place in Blaine County.

ARTICLE II
BOARD OF DIRECTORS

The affairs of the association shall be governed by the board of directors which shall be composed of at least three and no more than five members of the Association as provided in the articles of incorporation.

1. Powers and Duties. The board of directors shall have the powers and duties necessary for the administration of the affairs of the association and may do all such acts and things except those which by law or by declaration or by these bylaws or by the articles of incorporation may not be delegated to the board of directors by the members. Such powers and duties of the board of directors shall include those enumerated in Article X of the Master Declaration of Covenants, Conditions and Restrictions for Starweather, as well as the following:

(a) Operation, care, upkeep and maintenance of the elements and areas common to all lots.

(b) Determination of common expenses required for the affairs of the association, including, without limitation, the operation and maintenance of the common areas.

(c) Levy assessments and enforce payments from the Lot owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the association.

(e) Adoption and amendment of rules and regulations covering the details of the operation and the use of the common property of the association.

(f) Opening a bank account on behalf of the association

and designating the signatory required therefor.

(g) Purchase and maintain insurance for the association.

(h) Making repairs, additions, restorations, maintenance or alterations to the common areas, water system, and recreational areas if any in accordance with the other provisions of these bylaws, after damage or destruction by fire or other cause.

2. Managing Agent and Manager. The board of directors may employ for the association a managing body at a level of compensation established by the board of directors to perform such duties and services as the board of directors shall authorize. The board of directors may delegate to the manager, all necessary powers.

3. Election and Term of Office. The affairs of the association shall be managed by a board of at least three (3) directors and no more than five (5), who must be members of the association. The number of directors must be changed by amendment of these bylaws. At the first annual meeting the members shall elect two (2) directors for a term of two (2) years, and one (1) director for a term of one (1) year; and at each annual meeting thereafter the members shall elect sufficient directors for a term of two (2) years to fill all vacancies. The members of the board of directors shall hold office until their respective successors shall have been elected by the certificate holders.

4. Nomination and Election of Directors.

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

(b) Election. Election to the board shall be by secret ballot. At such election, the members, or their proxies, may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of the Declaration (and subject to cumulative voting as therein described at Section 9.03 (d) of the Master Covenants, Conditions and Restrictions). The candidates receiving the highest number of votes shall be deemed elected.

5. Removal of a Board Member. At any regular or special

meeting of the association members, any one (1) or more of the board of directors may be removed with or without cause by fifty-one percent (51%) of the members and the successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the board of directors after his removal has been proposed by the members shall be given an opportunity be heard at the meeting.

6. Vacancies. Vacancies on the board of directors caused by any reason other than the removal of a member thereof by a vote of the association members shall be filled by a vote of the majority of the remaining Board members at a special meeting of the board of directors held for that purpose promptly after the occurrence of such vacancy, even though the Board members present at such meeting shall constitute less than a quorum, and each person so elected shall be a member of the board of directors for the remainder of the term unless removed or until a successor shall be elected at the next annual meeting of the members.

7. Regular Meetings. The regular meetings of the board of directors may be held at such time and place as shall be determined from time to time by a majority of the members of the board of directors but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the board of directors shall be given to each member of the board of directors by mail or telegraph at least ten (10) business days prior to the day named for such meeting.

8. Special Meetings. Special meetings of the board of directors may be called by the president giving notice of ten (10) business days; notice to each member of the board of directors, may be given by mail or telegraph. The notice shall state the time, place and purpose of the meeting. The special meetings of the board of directors shall be called by the president or secretary in like manner and on like notice on the written request of at least two (2) members of the board of directors.

9. Waiver of Notice. Any member of the board of directors may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the board of directors at any meeting of the board of directors shall constitute a waiver of notice by him of the time and place thereof. If all the members of the board of directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

10. Quorum of Board of Directors. At all meetings of the board of directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the board of directors present at a meeting at which a quorum is present shall constitute the

decision of the board of directors. If, at any meeting of the board of directors, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called may be transacted without further notice.

11. Compensation. No compensation shall be paid to directors.

ARTICLE III ASSOCIATION MEMBERS

1. Membership. Any person, corporation or other business entity may own more than one (1) assessment unit and shall be entitled to one vote for each lot owned. Membership rights, duties and obligations shall not be assigned, sold, transferred or in any other manner conveyed except upon transfer of title to a Lot. Ownership interest in a Lot shall be the sole qualification for membership.

2. Annual Meetings. The annual meetings of members shall be held on the fifteenth (15th) day of January of each year. At such meetings the board of directors shall be elected by ballot of the members in accordance with the requirements of the articles of incorporation and these Bylaws. The members may transact such other business at such meetings as may properly come before them.

3. Place of Meetings. The meeting of the lot owners shall be held at the principal office of the association or at such other suitable place convenient to the lot owners as may be designated by the board of directors.

4. Special Meetings. It shall be the duty of the president to call a special meeting of the members when so directed by the board of directors or upon a petition signed and presented to the secretary by not less than the number of owners having one-tenth (1/10) of the total association votes. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at the special meeting except as stated in the notice.

5. Notice of Meetings. It shall be the duty of the secretary to mail a notice of each annual or special meeting of the lot owners not less than fifteen (15) days, nor more than sixty (60) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at the building or at such other address as such member shall have designated by notice in writing to the secretary. The mailing of a notice of meeting in the manner provided in this section shall be considered service and notice.

6. Adjournment of Meetings. If any meeting of lot owners cannot be held because a quorum is not present, a majority of the lot owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting, the quorum requirement shall be at least twenty-five percent of the total votes.

7. Order of Business. The order of business at all meetings of the association shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Report of officers;
- (e) Report of board of directors;
- (f) Report of committees;
- (g) Election of inspectors of election (when so required);
- (h) Unfinished business;
- (i) New business.

8. Membership Designation. Membership may be listed in the name of an individual or in the names of two (2) or more persons, as tenants in common, or as joint tenants, or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary. However, only one membership shall be assigned for each lot and no individual, tenancy, corporation, partnership or fiduciary as above designated may hold more than one (1) designation of membership unless more than one (1) lot is owned by that individual or entity.

9. Voting. The owner or owners of each lot, or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast votes designated in their membership designation at all meetings of members. Designation of a proxy shall be made in writing to the secretary and shall be revocable at any time by written notice to the secretary by the owner or owners so designated. No proxy shall extend beyond a period of six (6) months, and every proxy shall automatically cease upon sale of the owner's Lot, or upon the death or incapacity of the owner executing the proxy statement.

10. Quorum. Except as otherwise provided in these bylaws, the presence in person or by proxy of members having fifty-one percent (51%) of the total authorized votes of all members shall constitute a quorum at all meetings of the members.

11. Majority Vote. The vote of fifty-one percent (51%) of the members at a meeting at which a quorum shall be present shall be binding upon all members for all purposes except where the

declaration, or these bylaws, require a higher percentage vote.

ARTICLE IV OFFICERS

1. Designation. The principal officers of the association shall be the president, vice president, secretary and treasurer, all of whom shall be elected by the board of directors. The board of directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in its judgment may be necessary. All officers shall be members of the board of directors.

2. Election of Officers. The officers of the association shall be elected annually by the board of directors and shall hold office at the pleasure of the board of directors.

3. Removal of Officers. Upon the affirmative vote of a majority of the members of the board of directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

4. President. The president shall be the chief executive officer of the association. He shall preside at all meetings of the lot owners and of the board of directors. He shall have all of the general powers and duties which are incident to the officer or president of a general business corporation organization under the general business corporation law of the State of Idaho, including, but not limited to, the power to appoint committees among the lot owners from time to time as he may in his discretion decide is appropriate to assist in the conduct and affairs of the association.

5. Vice President. The vice president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president or the vice president is unable to act, the board of directors shall appoint some other member of the board of directors to act in the place of the president on an interim basis. The vice president shall also perform such other duties as from time to time may be imposed upon him by the board of directors or by the president.

6. Secretary. The secretary shall keep the minutes of all meetings of the lot owners and of the board of directors; he shall have charge of such books and papers as the board of directors may direct; and he shall, in general, perform all the duties incident to the office of secretary of a general business corporation organized under the corporation laws of the State of Idaho.

7. Treasurer. The treasurer shall have the responsibility for association funds and securities and shall be responsible for

keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all money and other valuable effects in the name of the board of directors, or the managing agent, in such depository as may from time to time be designated by the board of directors, and he shall, in general, perform all the duties incident to the office of the treasurer of a general business corporation organized under the corporate laws of the State of Idaho.

8. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, checks and other instruments of the association shall be executed by any two (2) officers of the association or by such other person or persons as may be designated by the board of directors.

9. Compensation of Officers. No officer shall receive any compensation from the association for acting as such.

ARTICLE V OPERATION OF THE PROPERTIES

1. Determination of Common Expenses and Fixing of Common Charges. The board of directors shall from time to time, and at least annually, prepare a budget for the association, determining the amount of the common charges payable by the members to meet the common expenses of the association and allocate and assess such common charges among the members on a pro rata basis. The common expenses shall include, among other things, the cost of premiums on all policies of insurance obtained by the board of directors. The common expenses shall also include road and water system maintenance, repair, replacement and snow removal costs. Common expenses may also include such amounts as the board of directors may deem proper for the operation and maintenance of the common property, including without limitation, an amount for working capital of the association, for general operating reserve, for reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The common expenses shall also be used for the purposes set out in the Articles of Incorporation of this association. The board of directors shall advise all members as provided in the Covenants, Conditions and Restrictions, in writing, of the amount of common charges assessed and shall furnish copies of such budget on which such common are based to all members.

2. Insurance. The board of directors may obtain and maintain to the extent that they deem desirable any insurance upon any common area, recreational facilities, streets or other property owned by the association and in addition, the board of directors shall obtain and maintain workmen's compensation insurance if required for its employees.

3. Payment of its Common. All members shall be obligated to pay the common assessed by the board of directors as more fully detailed in the declaration. The board of directors is hereby empowered to take all of the steps and exercise all of the powers provided by the declaration regarding assessments.

4. Abatement and Injunction of Violations of Members. The violation of any rule or regulation adopted by the board of directors or the Architectural Review Board, or the breach of any bylaw contained herein, or the breach of any of the rules, regulations and restrictions enacted in connection herewith or hereby ratified, shall give the board of directors the right in addition to any other rights set forth in these bylaws or the Covenants, Conditions and Restrictions.

(a) To enter, without being deemed guilty of trespass, on the lot in which, or as to which such violation, or breach exists and to summarily abate and remove, at the expense of the defaulting member any structure, thing or condition that may exist therein contrary to the intent and meaning of these provisions, or Rules and Regulations adopted by the Board of Directors, Architectural Review Board or the Master Covenants, Conditions and Restrictions, or,

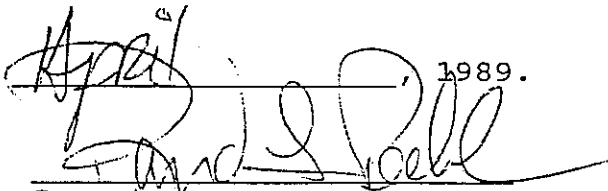
(b) to enjoin, abate or remedy by appropriate legal proceedings, the continuance of any such breach.

5. Right of Access. Each and every member shall have a right of access to the common area owned by the association. This right of access shall include the rights of ingress and egress to the common area provided, however, that said right of access and ingress and egress shall not be exercised to the detriment of any other member or to the association.

ARTICLE VI
AMENDMENT TO BYLAWS

These bylaws, and every part hereof, may from time to time and at any time, be amended by vote or written consent of members entitled to cast at least 51 percent of the total number of votes of the Association.

DATED this 18th day of April, 1989.


Secretary