

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

Sage Springs Subdivision

THIS DECLARATION, made on the date hereinafter set forth, by GMMK Group, an Idaho Limited Partnership, hereinafter referred to as "GMMK".

WITNESSETH:

WHEREAS, GMMK is the owner of certain real property located in Blaine County, Idaho, which is more particularly described as: Sage Springs Subdivision as found on the official plat thereof on file in the office of the County Recorder, Blaine County, Idaho, and recorded _____, 1990, as Instrument # _____.

NOW, THEREFORE, GMMK hereby declares that all the property described above shall be held, sold and conveyed subject to the following covenants, conditions and restrictions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding upon all parties having any right, title or interest in the described property or any part thereof. This Declaration is intended to limit nuisance and annoyance, improve the overall aesthetics of the development and to encourage the appreciation of real property values. Accordingly, the Association as provided hereinafter is empowered with the administrative authority to enforce these regulations for the betterment of all Sage Springs lot owners.

ARTICLE 1. DEFINITIONS

Section 1. "Owner" shall mean and refer to the record owner whether one or more persons or entities of a fee simple title to any lot which is a part of the property, including contract sellers, but excluding those having such an interest merely as security for the performance of an obligation.

Section 2. "Property" shall mean and refer to that certain real property hereinbefore described.

Section 3. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the property.

Section 4. "GMMK" shall mean and refer to GMMK Group, an Idaho partnership, its successors and assigns.

Section 5. "Common Area" shall mean the parcels identified on the subdivision plat and owned and managed by the Sage Springs Homeowners Association.

ARTICLE 2. SAGE SPRINGS HOMEOWNERS ASSOCIATION

Section 1. Membership. Every person or entity who becomes a record owner of any lot in Sage Springs Subdivision shall be a member of Sage Springs Homeowners Association, an Idaho nonprofit corporation. All owners of such lots shall be subject to the terms and provisions of the Articles of Incorporation and the Bylaws of Sage Springs Homeowners Association, which Articles and Bylaws together with subsequent amendment thereof, are incorporated in and by reference set forth in force herein.

Section 2. Voting Rights. At any meeting of the Sage Springs Homeowners Association, each owner, including GMMK, shall be entitled to cast the number of votes equivalent to the number of lots owned by such owner of the total subdivision. Any owner may attend and vote at such meeting in person or by agent duly appointed in writing, signed by the Lot Owner and filed with the Association.

ARTICLE 3. ARCHITECTURAL COMMITTEE

Section 1. Creation. The Architectural Committee shall mean the Board of Directors of Sage Springs Homeowners Association as constituted from time to time in the future unless otherwise resolved or composed by the Board of Directors. The Architectural Committee shall have and exercise all the powers, duties and responsibilities set out in this instrument.

Section 2. Approval. No building, outbuilding, fence, wall or other structure shall be constructed, erected or maintained upon the property nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approval in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors. The application for architectural review shall be on a form provided by the Architectural Committee and the Lot Owners' signature shall be notarized. All exteriors shall be of wood and/or stucco and all exterior colors shall be of natural earthtones unless otherwise approved by the Board of Directors. Such plans and specifications may be submitted to any member of the Board of Directors. In the event the Board of Directors fails to approve or disapprove such design and location within fourteen (14) days after said plans and specifications have been submitted to it, approval will not be required and this section will be deemed to have been fully complied with.

Section 3. Appeal. In the event the Board of Directors shall disapprove any plans or specifications, the person or entity submitting such plans may appeal the Board of Director's decision at the next annual or special meeting of the full membership, where an affirmative vote of at least three-quarters (3/4) of the members' votes entitled to be cast at such meeting shall be required to change the decision of the Board of Directors. Special meetings of the owners may be called at any time for this purpose by written notice to all members signed by three (3) or more lot owners. Said notice shall specify the date, time and place of the meeting and the appeal to be considered thereat.

ARTICLE 4. GENERAL RESTRICTIONS ON ALL LOTS

Section 1. Mining. No mining, quarrying, tunneling, excavating, or drilling for any substances within the earth, including oil, gas, minerals, gravel, sand, rock and earth, shall be permitted on or within any Lot.

Section 2. Lot Use. No Lots shall be occupied or used for any noxious activity and nothing shall be done or permitted to be done on any of said Lots which is a nuisance or might become a nuisance to the Owner or Owners of any of the Lots. Home occupations may be permitted as a conditional use as provided by the Blaine County Zoning Ordinance.

Section 3. Signs. With the exception of one (1) "For Rent" or "For Sale" sign, (which shall not be larger than 20" x 26") and except for one (1) entrance gate sign of a style and design approved by the Board of Directors, no advertising signs, billboards, unsightly objects or nuisances shall be erected, altered or permitted to remain on any Lot.

Section 4. Animals. Owners and lessees of Lots may have ordinary household pets so long as such pets are disciplined and do not constitute an undue annoyance to other Owners and/or lessees of Lots. All dogs shall be restrained by leash or enclosure at all times unless accompanied by Owner and in Owner's control. The Board of Directors shall have the power to require any Owner or lessee to remove any household pet belonging to him or her which is not disciplined or which constitutes an undue annoyance to other Owners or lessees of Lots. The Board of Directors shall schedule a hearing upon notice to the Association by the Blaine County Animal Control Officer or a Fish and Game Officer of a household pet or other animal which is alleged to be in violation of this Declaration. The Lot Owner or lessee of the household pet shall be subject to the penalties as provided herein if the Board of Directors finds that the Lot Owner is in violation of the terms of this Declaration. Owners and lessees of Lots may board horses on their property as permitted by County ordinance, and, subject to rules, if any, promulgated by the Board of Directors. Animals other than horses and "normal" household pets shall be subject to written approval by the Board of Directors. The number of grazing animals shall be limited to three (3) for each subdivision lot. Horses and other grazing animals shall be properly fenced. Lot Owners shall be responsible to exercise diligent control of livestock and maintain their property and corrals in a clean, sanitary and nuisance-free manner at all times. No grazing of animals shall be allowed along Wilson Creek flood plain as designated on the Subdivision Plat or in the undisturbed natural area of each Lot or the Subdivision common open space. The Board of Directors shall schedule a hearing upon notice to the Association by a Lot Owner of a Lot Owner who is alleged to be in violation of the provisions of this section.

Section 5. Resubdivision. No Lot described on the recorded plat shall be resubdivided into smaller lots or conveyed or encumbered in any less than the full original dimensions as shown on said recorded plat, provided, however, that conveyance or dedications of easements for utilities may be made for less than all of one (1) Lot.

Section 6. Combining Lots. If two (2) or more contiguous Lots are owned by the same Owners or Owners, they may be combined into one (1) or more larger Lot or Lots by means of a written document executed and acknowledged by all the Owners thereof, approved by the Board of Directors, and recorded in the real property records of Blaine County, Idaho. Thereafter, the new and larger Lot or Lots shall each be considered as one (1) residential Lot for all the purposes of these covenants.

Section 7. Service Yards and Trash. All clotheslines, equipment, service yards or storage piles on any Lot shall be kept screened by adequate fencing or planting so as to conceal them from the view of neighboring Lots and access roads. All rubbish and trash shall be removed from all Lots and shall not be allowed to accumulate and shall not be burned thereon, except as approved by the Board of Directors.

Section 8. Underground Utility Lines. All water, gas, electrical, telephone, cable TV and other pipes and lines and all other utility lines shall be buried underground.

Section 9. Trailers and Mobile Homes. No house trailer, mobile home, manufactured home, permanent tent or temporary structure shall be permitted on any Lot. All buildings shall be constructed on the Lot.

Section 10. Trailers and Boats. The storage, construction, repair or maintenance of a travel trailer, boat, motor home, or camper is permitted only if it is adequately screened from neighboring property and access roads.

Section 11. Roofs. All roofs shall be pitched with no less than two (2) breaks in the roof line, except as approved by the Board of Directors. Nonreflective metal roofs shall be allowed subject to the approval of color and finish by the Board of Directors.

Section 12. Antennas. Antennas and similar devices shall be installed so as not to be visible from access roads or adjoining Lots. Satellite dishes shall be either chocolate brown, black or dark green and of the mesh variety and installed in such a way as to not be visible from access roads and to restrict impact on adjacent Lots.

Section 13. Exterior Lighting. The light source of any exterior lighting fixtures shall be shielded so as not to be visible from access roads or adjoining Lots, and shall not be unreasonably bright or cause unreasonable glare. There shall be no high pressure sodium or mercury vapor lights on any Lot. Any other exterior lighting shall be approved by the Board of Directors.

Section 14. Sewage Disposal. Individual septic tank and drainfield shall be installed and maintained on the Lot by the Owner. Leaching fields shall be installed by the Owner in accordance with the Idaho State Health and Environmental Services standard on record with the State Health Department Office, 101 N. Main, Hailey, ID. Prior to installation, Owner must furnish written proof of compliance with Idaho State Health and Environmental Services and County ordinance to the Board of Directors.

Section 15. Fences. All fences, screens and similar exterior structures shall be constructed of wood and/or stucco and shall require Board of Directors' approval prior to installation. Fences shall be the peeled post and rail type with three (3) rails and a height not to exceed 42 inches. Fencing shall not be permitted beyond the toe of the 15% slope line of any Lot.

Section 16. Size of Residence. A single story residence shall contain at least eighteen hundred (1,800) square feet and a two story residence shall contain at least twenty-four hundred (2,400) square feet. The maximum size of any residence shall be 6,500 square feet. Such square footage shall not include the garage, porch or deck area and must meet all Blaine County building ordinances.

Section 17. Landscaping. A 50' front yard, 50' backyard, and 20' side yards surrounding the residence shall be landscaped by the Owner and shall be subject to the Board of Directors' approval and minimal requirements set by the Board to enhance the aesthetics and value of the entire subdivision. In addition, the Lot Owner shall have the option to fence a one acre corral contiguous with the Lot line perimeter fence and contiguous with the landscaped residential area, landscape the 50' front and backyards and 20' side yards (minimum landscape requirement), and leave the remainder of the Lot open space, or, fence a one acre corral and landscape the remainder of the property to the maximum permitted by the Idaho Department of Water Resources (1/4 acre landscape). If a corral is constructed, landscaping shall be contiguous to the corral and the corral shall be contiguous to the perimeter fence so as to reduce the amount of crossfencing. Lot Owners shall not crossfence that part of their property that remains open space. There shall be no animal pasturing beyond the toe of the 15% slope line on the Lot. Lot Owners shall leave that part of their Lot not required to be landscaped in natural vegetation. No excavation or topographic change, except that required for foundation, utilities, driveways, 1 acre corrals and 21,780 square feet maximum of "immediate yardscape", that would modify or change the scenic beauty of the natural hillside or mountain slope lands is allowed.

Section 18. Solar Systems. Active solar systems shall be installed so as to reduce any adverse aesthetic impact to adjacent Lots and the subdivision in general.

Section 19. Driveways. Lot 8 shall have a single driveway access across Wilson Creek with property sized culvert. Lots 9 and 10 shall have a shared Driveway access across Wilson creek with properly sized culvert. Lots 18, 19 and 20 shall have shared driveway access as reflected on the Sage Springs Subdivision plat. Residential driveways shall be gravel surface, asphalt or as approved by the Board of Directors, and shall be maintained in good condition and repair at all times.

Section 20. Setbacks. All buildings constructed on a Lot shall be subject to the following setbacks: (a) Minimum front yard - 50' from subdivision road, (b) Minimum side yard and rear yard - 50'. All building envelopes shall be restricted to lands 50' downhill from the 15% slope line. The exact location of the 15% slope shall be field verified prior to construction on any lot. No buildings shall be constructed above the 15% slope line of a Lot.

Section 21. Maintenance. The Lots and improvements shall be maintained in first class repair and in an aesthetic condition. Lot Owners shall control weeds and keep their Lots free of rubbish and debris.

Section 22. Wilson Creek. The flow of Wilson Creek shall not be altered or restricted in any way. No buildings, fences, or other structures shall be constructed in the Wilson Creek flood plain. All Wilson Creek crossings shall be sited and constructed to accommodate a one hundred (100) year flood flow. Wilson Creek riparian Lot Owners shall set back all improvements 25 feet from the flood plain. Riparian Lot Owners are restricted to noxious weed control, reseeding, erosion control and development of the wildlife habitat of the flood plain. Landscaping is permitted on the west side of Wilson Creek for all Lots except Lots 9 and 10, and the east side shall remain in natural vegetation. Landscaping is permitted on the east side of Wilson Creek for Lots 8, 9 & 10, and the west side shall remain in natural vegetation.

Section 23. Fire Protection and Impact Fees. Each Lot Owner shall be responsible to pay any impact fees assessed by the County in connection with the Lot that are incurred after closing, and further shall be responsible to comply with the terms and conditions of the Blaine County Fire Protection Ordinance and Impact Fee Ordinance. Lot Owners that construct residences of 4,000 or more square feet shall comply with the NFPA 13D 1989 Edition, Specifications for Individual Home Fire Protection Systems as amended. All homes shall meet the 1231 standard for minimum rural water supply for fire protection.

Section 24. Wildlife. Lot Owners shall be solely responsible to repair and bear the cost of any damage to their property caused by wildlife. There shall be absolutely no big game feeding within the subdivision. Hay or feed stored on a Lot must be protected and screened to prevent big game access. The Board of Directors shall schedule a hearing upon notice by a Fish and Game Officer of a violation of this Section. A Lot Owner found in violation of the terms of this Declaration by the Board of Directors shall be subject to the penalties as provided herein.

Section 25. Erosion Control. Lot Owners are responsible to control noxious weeds as defined by Section 22-243, Idaho Code, as amended, on their Lots at all times. A Lot Owner that has a portion of his Lot located in the Wilson Creek flood plain, if any, shall revegetate any eroded area by seeding of 28# seed per acre with the ratio of 20# of annual rye grass to 7# of Ephraim crested wheat grass to 1# of Sodar stream bank grass, or comparable revegetation that meets Soil Conservation standards. In addition, Lot Owners are responsible to control erosion on their Lots as follows:

a. Absentee Lot Owner. The absentee Lot Owner shall be responsible to meet Soil Conservation standards for his Lot.

b. Residential Lot Owner; Minimum Landscaping. The residential Lot Owner who improves his Lot with the minimum landscaping required by this Declaration shall be responsible to leave the remainder of his Lot in natural vegetation. There shall be no clearing of Lots with the exception of one acre of fenced horse corral.

c. Residential Lot Owner; Maximum Landscaping. The residential Lot Owner who improves his Lot with the maximum landscaping (1 acre) permitted by this Declaration shall be responsible to leave the remainder of his Lot in natural vegetation. There shall be no clearing of Lots with the exception of one acre of fenced horse corral.

All landscaping shall be subject to Board of Director's approval prior to the commencement of work. The Board of Directors shall schedule a hearing upon notice to the Association by an agent of the U.S. Soil Conservation Service of an alleged violation of the terms of this section. If the Board of Directors finds that the Lot Owner is in violation of this Declaration, the Lot Owner shall be subject to the penalties as provided herein.

Section 26. Outbuildings. Outbuildings shall be permitted as allowed by Blaine County Ordinance. Provided, however, the number of separate buildings shall be restricted to three for each lot. A Lot Owner may provide temporary living quarters in an outbuilding provided the primary residence is completed within two (2) building seasons thereafter. All outbuildings shall be contiguous with either the corral or the residence landscape area.

Section 27. Easements. There shall be no residential building construction within designated easements and all other development within easements shall meet County requirements. The perimeter of the subdivision and Lots adjacent to the perimeter shall be subject to a recreational easement of twenty feet in width for the benefit of Rotarun Ski Club, Inc. and Blaine County Recreational District. The easement shall be restricted to non-motorized use.

Section 28. Transmission Line. There shall be a minimum fifty (50) foot separation between the outside wire of the 138KV transmission line running through Lot 1 and any residential building site of Lot 1. The Blaine County Planning and Zoning has determined that exposure to power line influences may have negative health effects.

Section 29. Avalanche Zone. No residential construction shall be allowed in avalanche red or blue zone areas.

Section 30. Airplane Corridor. The subdivision area is used as a civilian airplane corridor to and from Friedman Airport.

Section 31. Geothermal Easement. All property within the setback limitations of the Lots in the subdivision shall be subject to a geothermal easement for the development and use of a geothermal water supply. The Easement shall be for the benefit of the Sage Springs Homeowners Association and/or the Rotarun Ski Club, Inc. and/or Blaine County Recreation District and/or Blaine County, Idaho. All improvements to property in connection with the geothermal easement shall be underground or screened from view from adjoining building sites.

Section 32. Public Parking. Lots 8 and 9 shall have a 30' public parking easement adjacent to Rodeo Drive for use by the public for snow storage and parking during the operating hours of the ski facility.

Section 33. Ski Easement. Lot 14 shall have a 100' public ski easement on the ski facility side of the lot for the purpose of public downhill skiing. All other activities may be restricted.

ARTICLE 5. CONSTRUCTION AND ENFORCEMENT

Section 1. Condition Subsequent. No restriction herein is intended to be, or shall be construed as a condition subsequent.

Section 2. Validity. The determination by a court that any restriction is void shall not affect the validity of any other restriction.

Section 3. Damages. Damages shall not be deemed adequate compensation for any breach or violation of a restriction.

Section 4. Notice. The Board of Directors shall schedule a hearing upon notice (oral or written) to the Association by a Lot Owner or any governmental agency listed on the most current Blaine County subdivision application form of any alleged violation of any provision of this Declaration.

Section 5. Violation. Upon any violation or breach of any restriction, GMMK, if it still owns property in Blaine County or its general vicinity, or any successor of GMMK, or the Board of Directors, or its agent, or any three Lot Owners may avail itself of any and all remedies as provided by law and equity, and may enter upon any Lot where such violation exists and summarily correct, abate or remove any thing or condition that may be or exist thereon contrary to the provisions hereof. GMMK, or its successor, or the Board of Directors or its agent shall not thereby be deemed to have trespassed upon such Lot and shall be subject to no liability to the Owner or occupant of such Lot for such entry, abatement or removal. The costs of such work will be billed to and paid by the Owner of the Lot and shall constitute a lien on the Lot from and after the date that notice of delinquency is filed for record. The lien may be enforced by GMMK, or its successor or the Board of Directors or its agent in the manner provided by law with respect to a mortgage with power of sale or deed of trust with power of sale, or with respect to the lien of mechanics and materialmen, or with respect to any other lien on real property. In order for the lien to be discharged, the Owner of said Lot shall pay, in addition to the amount of the lien, all costs and expenses incident to the filing of the notice of delinquency and all costs for foreclosure or other enforcement of the lien, including reasonable attorney's fees. In addition to any other enforcement rights described in this Declaration, or authorized by law and subject to any restrictions on the Association's enforcement rights, including any due process requirements imposed by this Declaration, or the law, the Board of Directors may take any of the following actions against any Lot Owner, or occupant whose act or failure to act violates or threatens to violate any provisions of this Declaration or Association rules and regulations:

- a. Imposed monetary penalties, including late charges and interest;
- b. Suspend voting rights in the Association;
- c. Suspend use privileges for the common area; and
- d. Commence a legal action for damages, injunctive relief, or both.

The determination of whether to impose any of the foregoing sanctions shall be within the sole discretion of the Board of Directors. Any legal action may be brought in the name of the Association on its own behalf and the prevailing party in any such action shall be entitled to recover costs and reasonable attorney's fees. The Association may take more than one of the foregoing enforcement actions against any Lot Owner for any one violation or threatened violation, provided that a suspension of use privileges shall not exceed 30 days (unless a suspension is for delinquent assessments) and a monetary penalty shall not exceed \$50 a day for each day the violation continues (excluding late charges imposed for delinquent assessments) for any violation. The Board of Directors, in their sole discretion, may resolve or settle any dispute, including any legal action, under such terms and conditions as they consider appropriate. Amounts owing by Owners pursuant to this section may be collected by the Association by assessment as provided herein.

An Owner shall be given 15 days prior notice before the imposition of any disciplinary action and the reasons for such action. The notice shall be hand-delivered or mailed certified, return receipt requested, to the Lot Owner's last known address. The Lot Owner shall have the opportunity to be heard orally or in writing by a majority of the Board of Directors not less than 5 days before the imposition of the penalty.

The Board of Directors may not cause a forfeiture or abridgment of a Lot Owner's right to the full use and enjoyment of his or her property except by a judgment of a court or decision arising out of arbitration or on account of foreclosure or sale under power of sale for failure of the Lot Owner to pay assessments duly leveled by the Board of Directors. The Association may exercise any other right or privilege given to it by this Declaration or by law and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 6. Waiver. Waiver of restriction as to any Lot or failure to enforce it shall not waive other restrictions as to that Lot or any restriction as to any other Lot.

Section 7. Declaration Binding. Every person acquiring a Lot from GMMK, or a subsequent grantee, covenants to observe, perform, and be bound by this Declaration.

Section 8. Subsequent Purchaser. No violation of any restriction shall defeat or render invalid the lien of any mortgage or deed of trust, but any purchaser at any trustee's, mortgagee's or foreclosure sale shall be bound by the restrictions.

Section 9. Attorney's Fees. In the event that GMMK, or the Board of Directors, shall employ legal counsel in connection with or to enforce these covenants and restrictions, then the persons with respect to which such employment occurs shall pay all costs incurred, including reasonable attorney's fees.

ARTICLE 6. COMMON AREA AND WATER SYSTEMS

Section 1. Ownership. The title and fee to all property platted as common area as shown on the recorded plat of Sage Springs Subdivision, together with the water system, including, but not limited to, the pump, pump house, well, pipelines and other appurtenant equipment thereto, shall be and remain vested in Sage Springs Homeowners Association.

Section 2. Irrigation. Landscape irrigation using the central water system shall be limited to one-half (1/2) acre. Landscape irrigation periods are as follows: Lot 1-7, 8 A.M. to 12 Noon; Lots 8-14, 12 Noon to 4 P.M.; and Lots 15-20, 4 P.M. to 8 P.M. A Lot Owner shall be limited to 4 hours of irrigation per day, 9 gallons of water per minute, 13,000 gallons per day per lot unless further restricted by the Idaho Department of Water Resources. A Lot Owner may irrigate more than one-half (1/2) acre provided such irrigation shall be by individual well located on the Lot Owner's property and approved by the Idaho Department of Water Resources after notice to Blaine County of such application to the Idaho Department of Water Resources. The Board of Directors shall schedule a hearing upon notice of an alleged violation of this Declaration by an agent of the Idaho Department of Water Resources. If the Board of Directors finds that the Lot Owner is in violation of this Declaration, the Lot Owner shall be subject to the penalties as provided herein.

Section 3. Management and Maintenance. Upon conveyance by GMMK of the common area and water system to the Sage Springs Homeowners Association, the Association shall have the duty to own, manage and operate the common area and water system, including but not limited to the following: (a) To maintain such areas in good and clean condition together with all facilities, improvements, and landscaping thereon and to keep all such facilities in good repair and operating condition; (b) To pay.

any real and personal property taxes or assessments which are or could become a lien thereon; (c) To officially operate and maintain the common area and water system; (d) To have the authority to install safety devices, together with use and regulation of the water system; (e) To have the authority to grant easements where necessary for utility facilities over the common areas; (f) To maintain a comprehensive policy of public liability insurance covering the common areas and water system with limits of not less than \$500,000 per person and \$1 per occurrence as to personal injury and \$500,000 for property damage; such insurance shall contain a "severability of interest" endorsement, which shall preclude the insurer from denying a claim of an Owner for negligent acts of the Association. Such comprehensive public liability insurance policy shall name as separately protected the Sage Springs Homeowners Association, its Board of Directors and Architectural Committee, and their representatives, members, employees and agents.

Section 4. Expenses. All operational, maintenance and improvement expenses to the common areas, pump, pumphouse, well, pipelines and other appurtenant equipment, together with costs assessed in connection with the Rotarun Ski area and cleanup of adjacent BLM properties, shall be shared on an equal basis by the members of Sage Springs Homeowners Association except Parcels B, C and D which shall be exempt from the payment of Association dues and will be dedicated to Blaine County, Idaho. Each Lot Owner's share shall be computed by the total number of Lots in the subdivision served by the central water system which is currently 20 (having excluded Rotarun Ski area Parcels B and D) but which may be reduced through vacation procedures to combine one or more Lots, by the number of Lots owned by the Owner. Water metering devices shall be installed in each pipeline to each Lot at the time of hook-up to the central water system at the expense of the Lot Owner in order to accurately measure the use of water by each Lot Owner so that the respective pro rata shares shall be computed by the Board of Directors based thereon if the need should arise. All lot owners drilling individual wells shall meet a 300' minimum set back from the present central well system and be located outside the central well's zone of depression.

Section 5. Maintenance Fund, Annual Estimates. The Board of Directors shall estimate the costs required to be paid by the Association for Rotarun Ski Area, the common areas, adjacent property cleanup and water system during the calendar year. Each Lot Owner shall initially be assessed \$400 a year for costs in connection with Rotarun Ski area. This initial assessment shall not be increased more than 5% each calendar year without the unanimous approval of the Board of Directors. In exchange for the Rotarun Ski area assessment, Lot Owners shall receive a season pass for Rotarun for their immediate family. The total annual assessments against all subdivision Lot Owners shall be based upon advance estimates of cash requirements by the Directors to provide for the payment of all estimated expenses growing out of or connected with the Rotarun Ski Area, adjacent property cleanup, the maintenance and operation of the common areas and water system. Said estimated cash requirement shall be assessed to the record owners pro-rata subject to exemptions as set forth hereinabove. Said assessments shall be levied in December of each year for the following year as determined by the Board of Directors. Each Owner shall be obligated and by accepting a deed to the subdivision Lot, agrees to pay the assessments levied by the Association in four equal quarterly installments commencing on the first day of January in the calendar year following the assessment period.

Section 6. Special Assessments, Deficiencies. If the above estimated sums prove deficient for any reason, the Board of Directors shall estimate the additional charges necessary to cover said deficiency and assess said additional charges to the Lot Owners. Said additional charges shall be prorated over the number of months remaining in the calendar year in which the assessment arose and shall be levied against and paid by the Lot Owners in equal installments for the remainder of the calendar year.

Section 7. Liens. In the event of a default in payment of any assessment herein, and in addition to other remedies herein or by law provided, the Association may enforce such obligations as follows: (a) The Association shall have the authority to create a lien with power of sale on each subdivision Lot to secure payment of the amount of any assessment assessed to the Owner thereof, provided that no action shall be brought to foreclose such lien, or proceed under power of sale, less than thirty (30) days after notice of assessment is mailed to the record owner of such subdivision Lot at his address appearing on the records of the Association. The priority of such assessment lien shall attach on recording with the Blaine County Recorder, provided however, that in any event such assessment lien shall be junior and subordinate to the first mortgage or deed of trust on the property. Reasonable attorneys fees and expenses in connection with the collection of the debt secured by such lien or foreclosure thereof shall be paid by the Owner against whom such action is brought.

and secured by the lien. Such lien and right to foreclosure and sale shall be in addition to and not in substitution for any other rights and remedies which the Owners and the Association may have herein and by law. (b) Any assessments not paid within thirty (30) days after the due date shall bear interest from the due date at the legal rate as amended from time to time. Should interest not be so paid, it shall thereafter bear like interest as the assessment, but such unpaid interest so computed shall not exceed an amount equal to the simple interest on the unpaid assessment at the maximum rate permitted by law. Any assessment not paid within thirty (30) days after the due date shall result in the immediate suspension of the delinquent Owner's voting rights until such delinquent assessment is paid.

ARTICLE 7. ROTARUN AGREEMENT

GMMK and Rotarun Club, Inc. have entered an agreement that benefits and burdens the Lots of Sage Springs Subdivision and runs with the land. The agreement requires the Sage Springs Homeowners Association, among other things, to make periodic payments to Rotarun from assessment dues collected from Lot Owners in exchange for free use of the ski area and its facilities by Lot Owners and their immediate families. A conforming copy of the agreement is attached hereto as Exhibit "A", and by this reference made a part hereof. Every person acquiring a Lot from GMMK, or a subsequent grantee, covenants to observe, perform and be bound by such agreement.

ARTICLE 8. INADEQUATE WATER SUPPLY

If the central water system becomes insufficient, the Association may obtain a water supply by drilling a well on any Lot in the subdivision within the other Lot's designated setbacks, subject, however, to the following: (a) Board of Director review and approval of alternate well site; (b) Hydrologist impact study which recommends alternate well site after consideration of the aquifer system and Department of Water Resources recommendations, if any; and (c) The well and pump together with supply lines on the Lot Owner's property shall be underground or the well head screened from view and the property restored to its prior condition.

ARTICLE 9. LITTER MAINTENANCE AND CONTROL

Lot owners with Lots contiguous to BLM, Blaine County or other public property shall be required to maintain such public property in a clean and sanitary condition within 300 yards of their Lot line. Said Lot Owners shall police and pick up litter from time to time as needed or as directed by the Association.

ARTICLE 10. AMENDMENT

This Declaration and its terms and provisions, except the provisions herein requiring the Lot Owners to pay assessments, may be amended by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, acknowledged and recorded with the Blaine County Recorder. The assessment provisions concerning Rotarun Ski area may not be amended without approval of the Rotarun Board of Directors.

IN WITNESS WHEREOF, GMMK has caused this instrument to be executed and delivered by its managing partner this 10th day of January, 1991 to be effective at the date and time of recording hereof.

GMMK GROUP

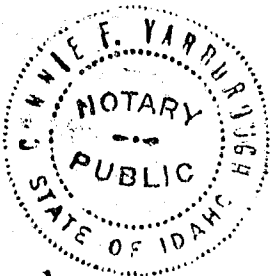
By Robert J. Glenn for GMMK Group A - its general partner
ROBERT J. GLENN,
Managing Partner

STATE OF IDAHO }
County of Blaine } ss.

On this 10th day of JANUARY, 1991, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT J. GLENN, known to me to be one of the Partners in the limited partnership of GMMK GROUP and the partner or one of the partners who subscribed said partnership name to the within instrument, and acknowledged to me that he executed the same in said partnership name.

GIVEN UNDER my hand and official seal on the day and year first above written.

Connie F. Zarborough
NOTARY PUBLIC for Idaho
Residing at HAILEY
Commission expires 2/9/91



BLAINE CO. REQUEST
OF: Robert J. Glenn
CC & R's
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MARY GREEN CLERK
FEES 24.00
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326866

Instrument # 547071

HAILEY, BLAINE, IDAHO

2007-04-25

02:02:00 No. of Pages: 2

Recorded for : SAGE SPRINGS HOMEOWNERS ASSOC
JOLYNN DRAGE Fee: 6.00
Ex-Officio Recorder Deputy *mf*
Index to: AMENDED COVENANTS & RESTRICTIONS

RECORDING REQUESTED BY
and when recorded mail to:

Sage Springs HOA, Inc.
PO BOX 254, Ketchum, ID 83340

NOTICE OF AMMENDMENT TO CC&Rs

NOTICE IS HEREBY GIVEN that on April 15, 2007, the Board of Directors with at least 75% written consent from the membership, of the Sage Springs HOA, Inc., pursuant to the powers conferred upon it by Article 10 of the Declaration of the Sage Springs HOA, recorded in the office of the Blaine County Recorder, Blaine County, Idaho, on January 10, 1991, as Instrument No. 326866 ~~28, 1973~~, have changed the Declaration of Covenants, Conditions & Restrictions as follows:

Article 3, Section 1 should be eliminated and replaced as follows:

The Architectural Committee shall mean the Board of Directors of Sage Springs Homeowners Association as constituted from time to time in the future unless otherwise resolved or composed by the Board of Directors. The Architectural Committee shall have and exercise all the powers, duties and responsibilities set out in this instrument. When a member of the Architectural Committee is also the lot owner of a project under review he or she will recuse him or herself and the alternate Board member (chosen by a majority vote at the annual subdivision meeting) will replace him or her.

Article 3, Section 2 should be eliminated and replaced as follows:

Approval. No building, outbuilding, fence, wall or other structure shall be constructed, erected or maintained upon the property nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approval in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors. In the case of new building construction, a landscape design in compliance with Section 17 will also be submitted for approval. The application for architectural review shall be on a form provided by the Architectural Committee and the Lot Owners' signature shall be notarized. All exteriors shall be of wood and/or stucco and all exterior colors shall be of natural earth tones unless otherwise approved by the Board of Directors. Such plans and specifications may be submitted to any member of the Board of Directors. Sage Springs Lot Owners affected by the project under review will be invited to a single meeting to provide input only to the Architectural Committee before (in private) it approves or disapproves the project. In the event the Board of Directors fails to approve or disapprove such design and location within twenty-one (21) days after said plans and specifications have been submitted to it, approval will not be required and this section will be deemed to have been fully complied with.

Article 4, Section 4 should be eliminated and replaced as follows:

Animals. Owners and Lessees of Lots may have ordinary household pets so long as such pets are disciplined and do not constitute an unreasonable annoyance to other Owners and/or Lessees of Lots. All dogs shall be confined to the Owner's yard unless accompanied by Owner and in Owner's control. Owners and lessees of Lots may board horses on their property as permitted by County Ordinance, and, subject to rules, if any, promulgated by the Board of Directors. Animals other than horses and "normal" household pets shall be subject to written approval by the Board of Directors. The number of grazing animals shall be limited to four (4) for each subdivision lot. Horses and other grazing animals shall be properly fenced. Lot Owners shall be responsible to exercise diligent control of livestock and maintain their property and corrals in a clean, sanitary and nuisance-free manner at all times. No grazing of animals shall be allowed along Wilson Creek flood plain as designated on the Subdivision Plat or in the undisturbed natural area of each Lot or the Subdivision common open space. The Board of Directors shall schedule a hearing upon notice to the Association by a Lot Owner of a Lot Owner who is alleged to in violation of the provisions of this section.

Article 4, Section 7 should be eliminated and replaced as follows:

Service Yard and Trash. All clotheslines, equipment, service yards or storage piles on any Lot shall be kept screened by adequate fencing or planting so as to conceal them from the view of neighboring Lots and access roads. All rubbish and trash shall be removed from all Lots and shall not be allowed to accumulate and shall only be burned thereon, upon the approval of the Blaine County fire inspector and issuance of a burning permit.

Sage Springs HOA, Inc.

BY: Michael Walsh

Michael Walsh, President

STATE OF IDAHO)

) ss.

COUNTY OF BLAINE)

On this 20 day of April, 2007, before me, a Notary Public in and for the State of Idaho, personally appeared Michael Walsh, to me known to be the President of the Sage Springs HOA, Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed thereto, if any, is the corporate seal of said corporation.

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

Karl Nichols

NOTARY PUBLIC in and for the State of Idaho,

Residing in: Ketchum, ID 83340

Commission Expires: 11/7/2012



RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

Sage Springs HOA, Inc.
PO BOX 254 Ketchum, ID 83340

NOTICE OF AMMENDMENT TO BYLAWS

NOTICE IS HEREBY GIVEN that on June 29, 200 seven the membership voted to replace the original Bylaws of the Sage Springs HOA, Inc. with the following Bylaws. Pursuant to the original bylaws (those being changed) the bylaws may be amended by a 60% majority of the Members.

Sage Springs HOA, Inc.

BY

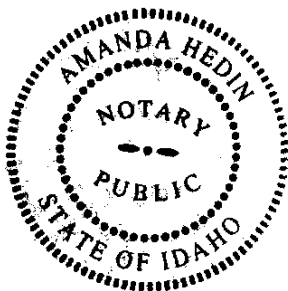
Brian Opp
Brian Opp, President

STATE OF IDAHO)

COUNTY OF BLAINE) ss.

On this 8 day of August, 2007, before me, a Notary Public in and for the State of Idaho, personally appeared Brian Opp, to me known to be the President of the Sage Springs HOA, Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed thereto, if any, is the corporate seal of said corporation.

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



Amanda Hedin
NOTARY PUBLIC in and for the State of Idaho,

Residing in: 100 S Main St Hailey

Commission expires: 8/26/2010

Instrument # 551395

HAILEY, BLAINE, IDAHO

2007-09-11 10:13:20 No. of Pages: 14

Recorded for : SAGE SPRINGS HOA

JOLYNN DRAGE Fee: 42.00

Ex-Officio Recorder Deputy

Index to: BY-LAWS

JB

**BYLAWS
OF
SAGE SPRINGS HOMEOWNERS ASSOCIATION, INC.**

1. NAME AND LOCATION

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

2. DEFINITIONS

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

SAGE SPRINGS SUBDIVISION, Blaine County,
Idaho, according to the official plat
thereof, recording as Instrument
No. 326868 records of Blaine
County, Idaho.

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

3. APPLICATION

All present and future owners, Mortgagees, tenants and occupants of Lots and any other persons who may use the Lots in any manner are subject to these Bylaws, the Declaration and the Rules and Regulations adopted by the Association pursuant to the Declaration. The acceptance of a conveyance or the act of occupancy of a Lot shall constitute an agreement that these Bylaws, the Rules and Regulations, and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

4. MEMBERSHIP; VOTING RIGHTS

The qualification for membership and voting rights of members shall be as set forth in Article 2 of the Declaration, all of which are hereby incorporated by reference herein as if set forth in full. The voting rights for each Lot may not be cast on a fractional basis. If the joint owners of a Lot are unable to agree among themselves as to how their voting

rights shall be cast, they shall forfeit the vote on the matter in question. If any owner exercises the voting rights of a particular Lot, it will be conclusively presumed for all purposes that he was acting with the authority and consent of all other owners of the same Lot. If more than one (1) person or entity exercises the voting rights for a particular Lot, their votes shall not be counted and shall be deemed void.

5. MEETINGS OF MEMBERS

5.1 Annual Meetings. There shall be a regular meeting of members at least once each year at such reasonable place or time as may be designated by notice by the Board given to the members by depositing the same in the United States Mail, postage prepaid, first class, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for said meeting.

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

5.3 Notice of Meetings. Notice of all members meetings, annual or special, shall be given by mail and shall be given not less than thirty (30) days nor more than sixty (60) days prior to the time of said meeting and shall set forth the place of the meeting which must be within the County, the date and hour of the meeting, and the nature of the business to be undertaken. Notices shall be given by, or at the direction of, the secretary or person authorized to call the meeting and shall be transmitted to each member entitled to vote thereat. Mailed notices shall be deemed received forty-eight (48) hours after same are mailed. Notices to members may also be personally delivered.

5.4 Quorum. The presence at any meeting in person or by proxy of members entitled to cast at least fifty one percent (51%) of the total votes of all members of the Association shall constitute a quorum. If any meeting cannot be held because a quorum is not present, members representing a majority of the votes present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place for the adjourned meeting shall be given to members in the manner prescribed for regular meetings. Any meeting of members whereat a quorum is present may be adjourned for any reason to a time not less than forty-eight (48) hours no more than thirty (30) days from the time of such meeting by members representing a majority of the votes present thereat, either in person or by proxy.

5.5 Proxies. At all meetings of members each member may be present in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease after eleven (11) months from the date of its execution, unless a shorter time is provided in the proxy.

5.6 Order of Business. The order of business of all meetings of the members shall be as

follows:

- 5.6.1 roll call;
- 5.6.2 proof of notice of meeting or waiver of notice;
- 5.6.3 reading of minutes of preceding meeting;
- 5.6.4 reports of Board and officers;
- 5.6.5 election of directors, if any are to be elected;
- 5.6.6 unfinished business;
- 5.6.7 new business

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

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

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

6. SELECTION AND TERM OF OFFICE OF BOARD

6.1 Number. The Board shall consist of at least three (3) directors. The number of directors may be determined and changed by resolution of the Board of Directors. A majority of directors shall be members. At each annual member's meeting, an alternate board member shall be elected to serve as required under Article 3, Section 1 of the Declaration.

6.2 Term of Office. At the first annual meeting the members shall elect each of the directors for a term of one (1) year. At the expiration of the initial term of office of each director, his successor shall be elected to serve for a term of one (1) year.

6.3 Removal; Vacancies. At any regular or special meeting of the members, any member of the Board of Directors may be removed with or without cause by fifty-one percent (51%) of the voting power present. Any member of the Board of Directors after his removal has been proposed by the Owners shall be given the opportunity to be heard at the meeting. In the event of the death or resignation of a director, except for specially elected directors, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. In the case of a removed director, his successor shall be elected by the members pursuant to Section 7 hereinafter.

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

7. NOMINATION AND ELECTION OF DIRECTORS

7.1 Nomination. Nomination for election to the Board shall be made by any voting member prior to each annual meeting. At least sixty (60) days before the annual meeting the Board shall solicit nominations in writing from each member.

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

8. MEETINGS OF DIRECTORS

8.1 Regular Meetings. Regular meetings of the Board shall be held quarterly at such time and place within the County as may be fixed from time to time by resolution of the Board. Notice of the time and place of any such meeting shall be given to each director not less than ten (10) days prior to the meeting; provided, however, that no notice need be given to a director who signs a waiver of notice or written consent to the holding of the meeting.

8.2 Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by two (2) directors, after not less than seven (7) days prior notice to each director, which notice shall specify the time and place of the meeting within the development and the nature of any special business to be considered. The notice shall be given in the manner prescribed for notice of regular meetings.

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

8.4 Conduct of Meeting. 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.

8.5 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the

written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

8.6 Telephone Meetings. Unless the Articles of Incorporation provide otherwise, 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 participation 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.

9. POWERS AND DUTIES OF THE BOARD

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

10. DUTIES. It shall be the duty of the Board:

10.1 to cause to be kept a complete record of all of its acts and doings and to present a statement thereof to the members at each annual meeting of the members, or at any special meeting when such statement is requested in writing by members representing ten percent (10%) of the members;

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

10.3 to delegate its powers as provided in the Declaration; and

10.4 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 interest 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, opinion, 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 in functions performed or the information, opinion, reports, or statements provided;
- (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.

11. OFFICERS AND THEIR DUTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

11.10 Standards of Conduct.

- (1) An officer when performing in such capacity, shall act:
 - (a) In good faith;
 - (b) With the care that a person in a like position would reasonably exercise under similar circumstances; and
 - (c) In a manner the officer reasonably believes to be in the best interest of the Association.
- (2) In discharging those duties an officer who does not have knowledge that makes reliance unwarranted, is entitled to rely on:
 - (a) 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
 - (b) Legal counsel, public accountants, or other persons retained by the Association as to matters involving skill or expertise the officer reasonably believes are matters:
 - (i) Within the particular person's professional or expert competence; or
 - (ii) As to which the particular person merits confidence.
- (3) 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 officer 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, that have relevance.

12. CONTRACTS, CHECKS, DRAFTS, ETC.

12.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by the Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

12.2 Checks, Drafts, etc. All check, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Secretary-Treasurer or an Assistant Secretary-Treasurer and countersigned by the President of the Association.

13. COMMITTEES

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

14. ASSESSMENTS

Liability for Assessments; Collection. As more fully provided in Article 6 of the Declaration, each member is obliged to pay to the Association annual and special assessments to be collected as therein set forth, all of which are hereby incorporated by reference herein as if set forth in full.

15. PROCEDURE FOR SUSPENSION OF FINES

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

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

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

16. AMENDMENTS

16.1 These Bylaws may be amended only with the vote or written consent of members entitled to cast at least fifty-one percent (51%) of the voting power of membership in the Association.

16.2 Amendment of the Articles of Incorporation shall require (i) the vote or written consent of a majority of the Board, and (ii) the vote or written consent of the members

representing at least fifty-one percent (51%) of members entitled to vote.

17. BOOKS AND RECORDS

The Association shall keep correct and complete books and records of accounts as required by the Declaration, and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at its registered office or principal office a record giving the names and addresses of the members. All books and records of the Association may be inspected by any member or his agent or attorney for any proper purpose at any reasonable time.

18. INDEMNIFICATION OF DIRECTORS AND OFFICERS

18.1 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 amendments permits the Association to provide broader indemnification rights than the Act permitted the Association to provide prior to such amendment). (Idaho Code § 30-3-88).

18.2 Mandatory Indemnification of Directors. 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. (Idaho Code § 30-3-88).

18.3 Further Indemnification of Directors.

- (1) Except as otherwise provided in this Section, an Association may indemnify an individual who is a party to a proceeding because the individual is a director against liability incurred in the proceeding if:
 - (a) The director's conduct was in good faith; and
 - (b) The director reasonably believed:
 - (i) In case of conduct in the director's official capacity, that the directors conduct was in the best interest of the Association; and
 - (ii) In all cases, that the director's conduct was at least not opposed to the best interests of the Association; and
 - (iii) In the case of any criminal proceeding, the director had no reasonable cause to believe the conduct was unlawful.
- (2) 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.

- (3) Unless ordered by a court under 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 if 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.

18.4 Advance for Expenses.

- (1) 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 proceeding if the director delivers to the Association:
 - (a) A written affirmative of the director's good faith belief that the director has met the relevant standard of conduct described in Section 18.3; and
 - (b) 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 18.3
- (2) the undertaking required by subsection (1) (b) of this Section 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.

18.5 Determination of Indemnification.

- (1) The Association may not indemnify a director under Section 18.3, 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 18.3.
- (2) The determination shall be made in accordance with Section 30-3-88 (4), Idaho Code.

18.6 Indemnification of Officers. The Association may indemnify and advance expenses to an officer of the Association the same extent as a director.

18.7 Insurance. The Association may 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.

18.8 Definitions. Sections 18.1 through 18.8 of these Bylaws shall be defined in accordance with Section 30-3-88 (8), Idaho Code.

18.9 Amendments. Any repeal or modification of this Article 18 shall only be prospective and shall not affect the rights under this Article 18 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.

18.10 Saving Clause. If this Article 18 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 18 that shall not have been invalidated, or by any other applicable law.

19. GENERAL PROVISIONS

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

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

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

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

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

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

19.7 Methods of Notice.

(1) Any notice under the ACT or these Bylaws must be in writing unless oral notice is

reasonable under circumstances. Notice by electronic transmission is written notice.

(2) 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.

(3) 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.

19.8 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.

19.9 Effective Date of Notice.

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

(a) 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

(b) When electronically transmitted to the member in a manner authorized by the member.

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

(a) When received;

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

(c) 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.

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

19.10 Address Unknown. If no address of a member or director be known, notice may be sent to the office of the Association.

19.11 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.

19.12 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.

19.13 Exception to Notice Requirements.

- (1) Whenever notice is required to be given under any provision of this chapter 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.
- (2) 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.

RECORDING AND REQUESTED BY
And when recorded mail to:

Sage Springs Homeowners, Inc.
PO Box 254 Ketchum, ID 83340

NOTICE OF AMENDMENT TO CC&Rs

NOTICE IS HEREBY GIVEN that on February 9, 2010, the Board of Directors with at least 75% written consent from the membership, of the Sage Springs Homeowners, Inc., pursuant to the powers conferred upon it by Article 10 of the Declaration of the Sage Springs Homeowners, recorded in the office of the Blaine County Recorder, Blaine County, Idaho, on January 10, 1991, as Instrument No. 326866 have changed the Declaration of Covenants, Conditions & Restrictions as follows:

Article 6, Section 4

Article 6, Section 4 shall be deleted in its entirety and replaced with:

Section 4. Expenses. All operational, maintenance and improvement expenses to the common areas, pump, pumphouse, well, pipelines and other appurtenant equipment, together with costs assessed in connection with cleanup of adjacent BLM properties, shall be shared on an equal basis by the members of Sage Springs Homeowners Association except Parcels B, C and D which shall be exempt from the payment of Association dues and will be dedicated to Blaine County, Idaho. Each Lot Owner's share shall be computed by the total number of Lots in the subdivision served by the central water system which is currently 20 (having excluded Rotarun Ski area Parcels B and D) but which may be reduced through vacation procedures to combine one or more Lots, by the number of Lots owned by the Owner. Water metering devices shall be installed in each pipeline to each Lot at the time of hook-up to the central water system at the expense of the Lot Owner in order to accurately measure the use of water by each Lot Owner so that the respective pro rata shares shall be computed by the Board of Directors based thereon if the need should arise. All lot owners drilling individual wells shall meet a 300' minimum set back from the present central well system and be located outside the central well's zone of depression.

Article 6, Section 5

Article 6, Section 5 shall be deleted in its entirety and replaced with:

Section 5. Maintenance Fund, Annual Estimates. The Board of Directors shall estimate the costs required to be paid by the Association for the common areas, adjacent property cleanup and water system during the calendar year. The total annual assessments against all subdivision Lot Owners shall be based upon advance estimates of cash requirements by the Directors to provide for the payment of all estimated expenses growing out of or connected with adjacent property cleanup, the maintenance and operation of the common areas and water system. Said estimated cash requirement shall be assessed to the record owners pro-rata subject to exemptions as set forth hereinabove. Said assessments shall be levied in December of each year for the following year as determined by the Board of Directors. Each Owner shall be obligated and by accepting a deed to the subdivision Lot, agrees to pay the assessments levied by the Association in four equal quarterly installments commencing on the first day of January in the calendar year following the assessment period.

Instrument # 575563

HAILEY, BLAINE, IDAHO

3-3-2010 01:27:36 No. of Pages: 2

Recorded for : SAGE SPRINGS HOMEOWNERS, INC
JOLYNN DRAGE Fee: 6.00

Ex-Officio Recorder Deputy

Index to: AMENDED COVENANTS & RESTRICTIONS

Page 1 of 2

ARTICLE 7

Article 7 shall be Deleted in Its Entirety.

ARTICLE 10

Article 10 shall be deleted in its entirety and replaced with:

This Declaration and its terms and provisions, except the provisions herein requiring the Lot Owners to pay assessments, may be amended by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, acknowledged and recorded with the Blaine County Recorder.

As the President of the Sage Spring Association, Inc, I verify that at least 75% of the owners have agreed, in writing, to the changes contained herein and hereby render these changes to be effective.

Judy C. Harrison
Judy Harrison, President
Sage Springs Association

STATE OF IDAHO)
) ss.
COUNTY OF BLAINE)

On this 9 day of February, 2010, before me, a Notary Public in and for the State of Idaho, personally appeared Judy Harrison, to me known to be the President of the Sage Springs Homeowners, Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument and that the seal affixed thereto, if any, is the corporate seal of said corporation.

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

Karl Nichols
NOTARY PUBLIC in and for the State of Idaho,

Residing in: Blaine County

Commission Expires: Nov 7, 2012

