

**BYLAWS
OF
SAGEWILLOW HOMEOWNERS ASSOCIATION, INC.**

I. NAME, REGISTERED OFFICE AND REGISTERED AGENT.

A. Name. The name of this corporation is SAGEWILLOW HOMEOWNERS ASSOCIATION, INC..

B. Registered Office and Registered Agent. The address and post office box of the registered office of this corporation is 251 Main Street South, Ketchum, Idaho 83340 and Post Office Box 3240, Ketchum, Idaho 83340. The name of the registered agent of this corporation at that address is THOMAS C. PRAGGASTIS.

II. MEMBERSHIP.

A. Owner of Lots. Each owner of a lot in the Sagewillow Subdivision, by virtue of being such an owner and for so long as he is such an owner shall be deemed a member of the corporation. The Association membership of each owner shall be appurtenant to a lot and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said lot. The transfer of title to a lot shall operate automatically to transfer said membership to the new owner thereof. The corporation shall not issue any capital stock.

B. Public Record and Corporate Record of Ownership. The name, names or entity under which membership appears on the books and records of the corporation shall be maintained until such time as satisfactory evidence of a change in membership is presented to the Secretary. The ownership of a lot as shown in the public records of the County of Blaine, State of Idaho, shall be conclusive as to membership in the corporation.

III. VOTING.

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

Class A Membership: Class A Members shall consist of all owners, with the exception of Sagewillow, Inc. ("Sagewillow"), the developer of the Sagewillow

Subdivision, and shall be entitled to one vote for each lot owned. Sagewillow shall become a Class A Member with regard to lots owned by Sagewillow upon the conversion of Sagewillow's Class B membership to Class A membership as provided below.

Class B Membership: The Class B Member shall be Sagewillow.

Upon the first sale of a lot to an owner, Sagewillow shall thereupon be entitled to three (3) votes for each lot owned by Sagewillow. Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(1) When the total votes outstanding in the Class A membership exceeds the total votes outstanding in the Class B membership; or

(2) Ten (10) years from the transfer of legal and equitable title by Sagewillow of a lot to an owner.

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

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

IV. MEETINGS OF OWNERS.

A. Annual Meeting. The annual meeting of the owners shall be held within three (3) months from the date this corporation ends its tax year. The owners shall elect a Board of Directors and transact other business. If an annual meeting has not been called and held within six (6) months after the time designated for it, any owner may call it.

B. Special Meetings. Special meetings may be called by the President, by a majority of the Board of Directors, or by the holders of a majority or more of the owners having twenty percent (20%) of the vote.

C. Place of Meetings. Meetings of the owners shall be held at the registered office of the corporation or at any other place, within or without the State of Idaho, the Board of Directors or owners may from time to time select.

D. Notice of Meetings. A written or printed notice of each owners' meeting, stating the place, day and hour of the meeting, and in the case of a special meeting the purpose or purposes of the meeting shall be given by the Secretary of the corporation or by the person authorized to call the meeting, to each owner of record entitled to vote at the meeting. This notice shall be given at least ten (10) days before the date named for the meeting, unless a greater period of notice is required by law in a particular case, to each owner by personal delivery, mail, charges prepaid, to the owner's address appearing the books of the corporation or by telecopier to the owner's telecopier number appearing on the books of the corporation.

E. Waiver of Notice. A owner, either before or after a owners' meeting, may waive notice of the meeting and his waiver shall be deemed the equivalent of giving notice. Attendance at a owners' meeting, either in person or by proxy, of a person entitled to notice shall constitute a waiver of notice of the meeting unless he attends for the express purpose of objecting to the transaction of business on the ground that the meeting was not lawfully called or convened.

F. Proxies. The owner of a lot may, by notice to the Association and signed proxy, designate a person (who need not be an owner) to exercise the vote for such lot. A proxy shall be revocable at any time by notice to the Association by the owner; provided, however, a proxy shall not be valid after eleven (11) months from the date of its execution unless a longer period is expressly stated in it. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting.

G. Quorum. The presence at a meeting, in person or by proxy, of the holders of more than one-half of the voting power of owners entitled to vote shall constitute a quorum at meetings of owners. Owners present can continue to do business until adjournment even though enough owners withdraw to leave less than a quorum.

H. Adjournments. Any meeting of owners may be adjourned. Notice of the adjourned meeting or of the business to be transacted there, other than by announcement at the meeting at which the adjournment is taken, shall not be necessary. At an adjourned meeting at which a quorum is present or represented, any business may be transacted which would have been transacted at the meeting originally called.

I. Informal Action by Owners. Any action that may be taken at a meeting of owners may be taken without a meeting if a consent in writing setting forth the action shall be signed by all the owners entitled to vote on the action and shall be filed with the Secretary of the corporation. This consent shall have the same effect as a unanimous vote at a owners' meeting.

V. BOARD OF DIRECTORS.

A. Number, Qualifications and Term of Office. The business and affairs of the corporation shall be managed by a Board of Directors, none of whom need be residents in the State of Idaho. The number of directors shall be determined as the owners may determine from time to time. Each director, except one selected to fill a vacancy, shall be elected to serve for the term of one (1) year and until his successor shall be elected and shall qualify.

B. Removal of Directors. Any director or the entire Board of Directors may be removed without assigning cause by a majority vote of the shares entitled to vote at a meeting of owners called for that purpose.

C. Vacancies. Vacancies occurring for any reason shall be filled by a vote of a majority of the shares entitled to vote at a meeting of owners called for that purpose. Each director so selected shall serve until his successor is elected by the owners at the next annual meeting or at a special meeting earlier called for that purpose. The other members of the Board of Directors may declare vacant the office of a director who is convicted of a felony or who is declared of unsound mind by an order of court.

D. Compensation. Directors shall not receive a salary for their services as directors; but, by resolution of the Board, a fixed sum and expenses of attendance may be allowed for attendance at each meeting of the Board. A director may serve the corporation in a capacity other than that of director and receive compensation for the services rendered in that other capacity.

E. **Resignation.** A director may resign at any time by giving written notice to the Board or the President of the corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board or the President, and the acceptance of the resignation shall not be necessary to make such resignation effective.

VI. MEETINGS OF THE BOARD OF DIRECTORS.

A. **Annual Meeting.** The Board of Directors shall meet each year, immediately after the annual meeting of the owners at the place that meeting has been held, to elect officers and consider other business.

B. **Special Meetings.** Special meetings of the Board of Directors may be called at any time by the President or by any director.

C. **Place of Meetings.** The meetings of the Board of Directors may be held at the registered office of the corporation or (subject to Section 1 of Article IV of these Bylaws) at any place within or without the State of Idaho that a majority of the Board of Directors may from time to time decide.

D. **Notice of Meetings.** Notice of the annual meeting of the Board of Directors need not be given. Written notice of each special meeting, setting forth the time and place of the meeting shall be given to each director at least forth eight (48) hours before the meeting. This notice may be given either personally, or by sending a copy of the notice through the United States mail or by telegram, charges prepaid, to the address of each director appearing on the books of the corporation or by telecopier sent to the director's telecopier number appearing on the books of the corporation.

E. **Waiver of Notice.** A director may waive in writing notice of a special meeting of the Board either before or after the meeting and his waiver shall be deemed the equivalent of giving notice. Attendance of a director at a meeting shall constitute waiver of notice of that meeting, unless he attends the meeting for the express purpose of objecting to the transaction of business because the meeting has not been lawfully called or convened.

F. **Quorum.** At meetings of the Board of Directors a majority of the directors in office shall be necessary to constitute a quorum for the transaction of business. If a quorum is present the acts of the majority of the directors in attendance shall be the acts of the Board.

G. **Adjournment.** A meeting of the Board of Directors may be adjourned. Notice of the adjourned meeting or of the business to be transacted there, other than by announcement at the meeting at which the adjournment is taken, shall not be necessary. At an adjourned meeting at which a quorum is present, any business may be transacted which would have been transacted at the meeting originally called.

H. **Presumption of Assent.** A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the Secretary of the meeting before adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation within three (3) days after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

I. **Informal Action.** If all the directors severally or collectively consent in writing to any action taken or to be taken by the corporation and the writing or writings evidencing their consent are filed with the Secretary of the corporation, the action shall be as valid as though it had been authorized at a meeting of the Board. Such consent shall have the same effect as a unanimous vote.

VII. OFFICERS, EMPLOYEES AND AGENTS.

A. **Officers.** The executive officers of the corporation shall be chosen by the Board of Directors and shall consist of a **President, Secretary and Treasurer.** Other officers, assistant officers, agents and employees that the Board of Directors from time to time may deem necessary may be elected by the board or be appointed in a manner prescribed by the Board. Two or more offices may be held by the same person except that one person shall not at the same time hold the offices of President and Secretary. Officers shall hold office until their successors are chosen and have qualified, unless they are soon removed from office as provided in these Bylaws.

B. **Vacancies.** When a vacancy occurs in one of the executive offices by death, resignation or otherwise, it shall be filled by the Board of Directors. The officer so selected shall hold office until his successor is chosen and qualifies.

C. **Salaries.** The Board of Directors shall fix the salaries of the officers of the corporation. The salaries of other agents and employees of the corporation may be fixed by the Board of Directors or by an officer to whom that function has been delegated by the Board of Directors.

D. **Removal of Officers and Agents.** An officer or agent of the corporation may be removed by a majority vote of the Board of Directors whenever in their judgment the best interests of the corporation will be served by their removal. The removal shall be without prejudice to the contract rights, if any, of the person so removed.

E. **President: Powers and Duties.** The President shall be the chief operating officer of the corporation and shall perform the general operating duties of the corporation. He shall also perform whatever duties and have whatever powers the Board of Directors may from time to time prescribe.

F. **Vice-President: Powers and Duties.** The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. He shall also perform whatever duties and have whatever powers the Board of Directors may from time to time assign him.

G. **Secretary: Powers and Duties.** The Secretary shall attend all meetings of the Board of Directors and of the owners and shall keep or cause to be kept a true and complete record of the proceedings of those meetings. He shall give, or cause to be given, notice of all meetings of the Board of Directors or of the owners and shall perform whatever additional duties the Board of Directors and the President may from time to time prescribe.

H. **Treasurer: Powers and Duties.** The Treasurer shall have custody of corporate funds and securities. He shall keep full and accurate accounts of receipts and disbursement and shall deposit all corporate monies and other valuable effects in the name and to the credit of the corporation in a depository or depositories designated by the Board of Directors. He shall disburse the funds of the corporation and shall render to the President or the Board of Directors, whenever they may require it, an account of his transactions as Treasurer and of the financial condition of the corporation. The Treasurer shall furnish a bond satisfactory to the Board of Directors if they so deem.

I. **Delegation of Duties.** Whenever an officer is absent or whenever for any reason the Board of Directors may deem it desirable, the Board may delegate the powers and duties of an officer to any other officer or officers or to any director or directors.

VIII. SPECIAL CORPORATE ACTS.

A. **Execution of Written Instruments.** Contracts, deeds, documents and instruments shall be executed by the President unless the Board of Directors shall in a particular situation designate another procedure for their execution.

B. **Signing of Checks and Notes.** Checks, notes, drafts and demands for money shall be signed by the President or other officers from time to time designated by the Board of Directors.

IX. CONTRACTS IN WHICH DIRECTORS OR OFFICERS HAVE AN INTEREST.

A. **Circumstances for Validity of Contracts.** No contract or other transaction between this corporation and one or more of its directors or officers or any other corporation, firm, association, or other entity in which one or more of its directors or officers are directors or officers, or are financially interested, shall be either void or voidable for this reason alone, or by reason alone that such director or directors are present at the meeting of the Board or a committee thereof which approves, authorizes or ratifies such contract or transaction, or that his or their votes are counted for such purpose, if:

1. The fact of such common directorship, officership or financial interest is disclosed or known to the Board of Directors or committee thereof which approves, authorizes or ratifies such contract or transaction by a vote sufficient for such purpose without counting the votes of such interested director or directors; or

2. The facts of such common directorship, officership or financial interest is disclosed or known to the owners entitled to vote and they approve, authorize or ratify such contract or transaction by vote, in which vote such interested directors may participate to the extent they are owners; or

3. The contract or transaction is fair and reasonable to this corporation at the time it is approved by the Board, a committee thereof or the owners and the fact of such relationship or interest is fully and fairly disclosed or known to the corporation.

B. Quorum Determination. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which approves, authorizes or ratifies such contract or transaction.

X. INDEMNIFICATION.

A. Standards for Indemnification.

1. The corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding if he had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

2. The corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability,

XI. AMENDMENT OF BYLAWS.

The power to amend or repeal the Bylaws or to adopt new Bylaws shall be in the owners, but the affirmative vote of at least two-thirds of the owners entitled to vote in a meeting of owners called for such purpose shall be necessary to exercise that power. No amendment to these Bylaws shall operate to amend, affect, limit or in any manner or render invalid any voting rights of Sagewillow set forth herein without the written consent of Sagewillow.

XII. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS.

Any Declaration of Covenants, Conditions and Restrictions which are recorded with the Blaine County Recorder and which encumber lots or any real property that may be owned by the corporation shall not be inconsistent with these Bylaws. If such an inconsistency exists, the Declaration of Covenants, Conditions and Restrictions shall control.

IN WITNESS WHEREOF, these Bylaws have been adopted as of the 28 day of DECEMBER, 1994.


By: THOMAS C. PRAGGASTLA
Its: DIRECTOR