

ARTICLE I
PLAN OF OWNERSHIP

Section 1.1 Applicability.

These Bylaws provide for the governance of Mountainside Village Association, Inc., an Idaho nonprofit corporation (the “Association”). Capitalized terms used herein without definition shall have the meanings specified for such terms in the Mountainside Village Book of Operating Principles, recorded in the Teton County Recorder’s Office, Driggs, Idaho as Instrument # 171686 as the same may be amended or supplemented from time to time (the “Book”), or in the Articles of Incorporation (“Articles”).

Section 1.2 Compliance.

Every Member and all those entitled to occupy a Parcel under the Book or any portion thereof shall comply with these Bylaws.

Section 1.3 Office.

The principal office of the Association shall be located at 541 Village Way, Victor, ID 83455 or at such other place as may be designated from time to time by the Board of Directors (the “Board”).

Section 1.4 Composition; Performance of Responsibilities.

The Association shall consist of all of the Members acting as a group in accordance with the Book and Articles. Except as to those matters which the Book and Articles or applicable law specifically require to be decided by the vote of the Association, the responsibilities of the Association shall be performed by the Board or the Managing Agent, if any, as more particularly set forth in Article III of these Bylaws.

Section 1.5 Classes of Members.

There shall be three (3) Classes of Members in the Association. The Founder shall be the Class C Member. There shall be no other Class C Member other than the Founder, its successor or assign. Class B Members shall be those Owners of Parcels located within the Village Center. All other Members of the Association shall be Class A Members.

ARTICLE II
MEETINGS OF THE NEIGHBORHOOD ASSOCIATION

Section 2.1 Annual Meetings.

The annual meeting of the Association shall be held during the month of May of each year or on such other date within the same calendar year as may from time to time be established by the Board.

Section 2.2 Place of Meetings.

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place as may be designated by the Board.

Section 2.3 Special Meetings.

(a) The President shall call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed and presented to the Secretary by at least ten percent (10%) of the Members. The Founder may also call a special meeting of the Association during the Period of Founder Control as defined in the Book. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Following each point in time as set forth in Section 6.1 of the Articles as shall entitle the Members to elect additional Class A or Class B Director(s), notice shall be given of a special meeting of the Members of the Association at which an appropriate number of Class C Directors shall resign, and the Members shall thereupon elect additional Class A or Class B Director(s), as appropriate.

Section 2.4 Notice of Meetings.

The Secretary shall mail or personally deliver to each Member a notice of each annual or regularly scheduled meeting of the Association at least ten (10) but not more than sixty (60) days prior to such meeting, stating the time and place thereof. Notice of any other meeting shall be sent at least ten (10) but not more than sixty (60) days prior to such meeting, stating the time, place and purpose thereof. If notice is mailed by other than first class or registered mail, notices must be sent no fewer than thirty (30) days or more than sixty (60) days before the meeting date. Notwithstanding the foregoing, notice of any meeting at which there shall be voted upon any amendment to the Articles, a plan of merger, a proposed sale of assets, or dissolution of the Association shall be given as required by Sections 30-3-101, 30-3-107, or 30-3-111 of the Idaho Code, as applicable. The mailing or personal delivery of a notice of meeting in the manner provided in these Bylaws shall be considered service of notice.

Section 2.5 Adjournment of Meetings.

If at any meeting of the Association a quorum is not present, Members holding a majority of the voting rights who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours (48) after the time the original meeting was called.

Section 2.6 Voting.

Voting at all meetings of the Association shall be on the basis set forth in the Book and Articles. Where the ownership of a Parcel is in more than one Person, the Person who shall be entitled to cast the vote appurtenant to such Parcel shall be the Person named in a certificate executed by all of the Owners of such Parcel and filed with the Secretary or, in the absence of such Person from the meeting, the Person entitled to cast the vote appurtenant to such Parcel shall be the Person owning such Parcel who is present. If more than one Person owning such Parcel is present, then such vote shall be cast only in accordance with their unanimous agreement. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Except where a greater number is required by law or the Book or Articles, the affirmative vote of the Members holding more than one-half (1/2) of the aggregate voting interests present in person or by proxy at a Duly Called Meeting (“Majority of Members”) are required to adopt decisions (on those issues on which Members vote) at any meeting of the Association. If the Founder or its designated entities own or hold title to one (1) or more Parcels, the Founder or its designated entities, as applicable, shall have the right at any meeting of the Association to cast the votes to which such Parcels are entitled. The Founder shall not be required to disqualify itself in any vote which may come before the Association upon any management contract or other agreement, lease or matter between the Founder and any individual, partnership, corporation or other entity having an identity of interest with the Founder or the Association.

Section 2.7 Proxies.

A vote may be cast in person or by proxy. Proxies shall be duly executed in writing by one with authority to execute deeds pursuant to the requirements of Section 30-3-58 of the Idaho Code and must be filed with the Secretary before or at the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt of notice of revocation by the person presiding over the meeting from any Person or entity with respect to which the vote is cast. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of eleven (11) months after the execution thereof and, in any event, any proxy (other than those in favor of a Mortgagee) shall terminate automatically upon the adjournment of the first meeting held on or after the date of the proxy.

Section 2.8 Quorum.

Except as may otherwise be provided in these Bylaws or in the Book or Articles, the presence in person or by proxy of Members holding ten percent (10%) of the aggregate voting interests shall constitute a quorum at all meetings of the Association.

Section 2.9 Conduct of Meetings.

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Book or Articles or applicable law.

ARTICLE III
BOARD OF DIRECTORS

Section 3.1 Number.

The affairs of the Association shall be managed under the direction of its Board. The number of persons comprising the Board shall be as set forth in the Articles.

Section 3.2 Nomination of Directors.

Except with respect to the directors appointed by the Founder, nominations for election to the Board may be made by a nominating committee established by the Board. Directors to be elected by the Members may also be nominated from the floor. The nominating committee shall make reasonable efforts to nominate directors so that the Board represents a cross-section of the Members based on geographic ownership within Mountainside Village.

Section 3.3 Election of Directors.

Directors shall be elected or appointed in the manner provided in the Articles. Except as otherwise provided in the Articles and except as provided in subsection 2.3(b) above, Class A and Class B Director(s) shall be elected at the annual meeting of the Association. The candidate(s) for Class A and Class B Director(s) receiving the most votes shall be elected. Class A and Class B Directors shall serve until the second annual meeting following their election. Elections for Class A Directors shall be by ballot of the Class A Members. Elections for Class B Directors shall be by ballot of the Class B Members

Section 3.4 Removal of Directors.

Class A and Class B Directors may be removed in the manner provided in the Articles. A Class A or Class B Director whose removal has been proposed shall be given at least seven (7) days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting at which a vote is to be taken on his removal. Class C Directors may be removed at any time, with or without cause, by the Founder.

Section 3.5 Powers and Duties.

The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are applicable by law or the Book or Articles required to be exercised and done by the Association. If applicable, the Board may from time to time elect to have the Association treated as a “homeowner’s association” within the meaning of Section 528 of the Internal Revenue Code of 1986, as amended. The Board shall have the power to designate those officers authorized to provide statements and waivers to Members as may be desirable or required pursuant to the Book or by law. The Board may delegate to one (1) of its members or to a person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the Managing Agent (as defined in Section 3.6), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

- (a) Prepare an annual budget pursuant to the Book.
- (b) To the extent permitted by the Book, make assessments to defray the costs and expenses of the Association including reserves if established, establish the means and methods of collecting such assessments from the Members and establish the period of the installment payments of the assessments.
- (c) Provide for the operation, care, upkeep, maintenance and servicing of the Commons and for such other real estate which the Board determine to be in the best interests of the Association to maintain (such as, for example but without limitation, signage or lighting and landscaping of and additional snow removal on public rights of way).
- (d) Designate, hire and dismiss the personnel necessary for the management, maintenance, modification, operation, repair and replacement of the Commons and other real estate described in clause (iii) above and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties.

(e) Use commercially reasonable efforts to collect the assessments against the Members, deposit the proceeds thereof in bank depositories designated by the Board and use the proceeds to carry out the functions and administration of the Association.

(f) Enact and amend Rules and Regulations from time to time; provided however, that no such Rules and Regulations so adopted shall be in conflict with the Book.

(g) Open bank accounts on behalf of the Book and designate the signatories thereon.

(h) Make, or contract for the making of, repairs, additions, modifications and improvements to or alterations of the Commons.

(i) When determined by the Board to be prudent, use commercially reasonable efforts to enforce by legal means the provisions of the Book and the Rules and Regulations promulgated pursuant thereto. Without limiting the generality of the foregoing, the Board may suspend a Member's rights to use facilities (other than access to a Parcel) and services provided directly through the Association and assess charges against any Member for any violation of the Project Documents or Rules and Regulations.

(j) Obtain and carry insurance as provided in the Book and these Bylaws, the cost of which shall be covered by assessments.

(k) Pay the cost of all authorized services rendered to the Book and not billed to Members or otherwise provided for.

(l) Keep books with detailed accounts of the receipts and expenditures affecting the Association and the administration of the Commons, specifying the expenses of maintenance and repair of the Commons and any other expenses incurred. All books and records shall be kept in an accurate and organized manner.

(m) Subject to the Book, acquire, hold and dispose of the Commons and other real estate.

(n) Do such other things and acts not inconsistent with the Book that the Board may be permitted to do under applicable law.

(o) Grant permits, licenses and easements under, through and over the Commons for drainage, utilities, roads and access and other purposes which are reasonably necessary to the ongoing development and operation of Mountainside Village and other real estate.

(p) When and if it is authorized to do so as set forth in the Community Operating Agreement appoint members of the Mountainside Village Design Review Committee; and when and if it is authorized to do so under the Book, employ Chancellor(s).

(q) Enter into shared use and/or maintenance agreements.

(r) Establish such committees with such powers and authority (consistent with the Book) as it shall from time to time deem appropriate.

(s) Make charitable contributions.

Section 3.6 Managing Agent.

(a) Employment of Management Agent. The Board may employ for the Association a “Managing Agent” with compensation to be established by the Board. Any agreement with a Managing Agent shall be for a term not exceeding five (5) years (exclusive of renewals with the consent of the Association and the Managing Agent at the time of expiration of the existing term) and shall by its terms provide that it is terminable for cause (default) if not cured within thirty (30) days.

(b) Duties. The Managing Agent shall perform such duties and services as the Board or the Book shall authorize, which may include but are not limited to the duties listed in clauses (a), (c), (d), (e), (h), (i), (j), (k), (l) and (n) of Section 3.5 of these Bylaws. The Board may delegate to the Managing Agent all of the powers granted to the Board by these Bylaws other than the powers set forth in clauses (b), (f), (g), (m), (o), (p), (q), (r) and (s) of Section 3.5 of these Bylaws.

(c) Standards. The Board may impose appropriate standards of performance upon the Managing Agent.

Section 3.7 Vacancies.

Vacancies in the Board shall be filled in the manner specified by the Articles.

Section 3.8 Organizational Meeting.

The first meeting of the Board following the annual meeting of the Association shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Association at the meeting at which such Board shall have been elected, and no notice shall be necessary to the newly elected members of the Board in order to legally constitute such meeting, provided a quorum of the Board shall be present.

Section 3.9 Regular Meetings.

Regular meetings of the Board may be held at such time and in such place and manner as shall be determined from time to time by a majority of the directors. Notice of regular meetings of the Board shall be given to each director, by mail or telegraph or facsimile, at least three (3) business days before the day named for such meeting.

Section 3.10 Special Meetings.

Special meetings of the Board may be called by the Founder (during the period when the Founder may appoint Class C Directors) or by the President on three (3) business days notice to each director, given by mail or telegraph or facsimile, which notice shall state the time, place and purpose of the meeting. The President or Secretary shall call special meetings of the Board in like manner and with like notice on the written request of at least a majority of the directors.

Section 3.11 Waiver of Notice.

Any director may at any time, in writing signed by such director, waive notice of any meeting of the Board; and such waiver shall be deemed equivalent to the giving of such notice. Except in the circumstances described in Section 30-3-77 of the Idaho Code, attendance by a director at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 3.12 Quorum of Board of Directors.

At all meetings of the Board, at least one-half (1/2) of the directors in office immediately prior to the beginning of the meeting shall constitute a quorum for the transaction of business; and the vote of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board there shall be less than a quorum present, those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business, which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 3.13 Compensation.

The Book shall govern compensation of directors.

Section 3.14 Conduct of Meetings.

The President shall preside over all meetings of the Board; and the Secretary shall keep a minute book of the Board, recording therein all resolutions adopted by the Board, and a record of all transactions and proceedings occurring at such meetings.

Section 3.15 Action Without Meeting.

Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board.

Section 3.16 Committees and Subassociations.

The Board, as it deems necessary, shall have the authority to create committees and subassociations to address specific issues and needs of the Association or Mountainside Village.

ARTICLE IV
OFFICERS

Section 4.1 Designation.

The principal officers of the Association shall be the President, one (1) or more Vice Presidents, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President shall be a member of the Board. Any other officers may, but need not, be members of the Board.

Section 4.2 Election of Officers.

The officers of the Association shall be elected annually by the Board and shall hold office at the pleasure of the Board.

Section 4.3 Removal of Officers.

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

Section 4.4 President

In addition to the duties described in the Book, the President shall be the chief executive officer of the Association, preside at meetings of the Association and of the Board and have all of the general powers and duties which are incident to the office of president of a corporation organized under the Idaho Nonprofit Corporation Act, as amended from time to time.

Section 4.5 Vice President.

In addition to the duties described in the Book, a Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor a Vice President is able to act, the Board shall appoint some other member of the Board to act in the place of the President on an interim basis. A Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board or by the President and, except as hereafter provided, shall have all of the general powers and duties which are incident to the office of Vice President of a corporation organized under the Idaho Nonprofit Corporation Act, as amended from time-to-time. If there is more than one (1) Vice President, the Board shall determine which Vice President shall act.

Section 4.6 Secretary.

In addition to the duties described in the Book, the Secretary shall keep the minutes of all meetings of the Association and of the Board; have charge of such books and papers as the Board may direct; maintain a register setting forth the place to which all notices to Members and Mortgagees requesting notices shall be delivered; upon request by a conveying Owner, deliver statements of all unpaid assessments applicable to the Parcel to be conveyed; execute notices of delinquent assessment(s); execute notices of and releases of any lien for delinquent assessments; and perform the duties described elsewhere in these Bylaws and, in general, perform all of the duties incident to the office of secretary of a corporation organized under the Idaho Nonprofit Corporation Act, as amended from time to time.

Section 4.7 Treasurer.

In addition to the duties described in the Book, the Treasurer shall be responsible for managing the Association's funds and securities; keeping full and accurate financial records and books of account showing all receipts and disbursements; preparing all required financial data; depositing of all monies and other valuables in the name of the Association in such depositories as may from time to time be designated by the Board; and, in general, performing all the duties incident to the office of treasurer of a corporation organized under the Idaho Nonprofit Corporation Act, as amended from time to time.

Section 4.8 Chancellor(s).

(a) The Chancellor(s) shall not be deemed an officer of the Association. The Board determines whether to create the position of Chancellor and the number of Chancellors. If the position is created, the Members elect Chancellors unless the Board decides to make the Chancellor a paid professional position, in which case the Board will select a mediator, attorney or other professional for each available Chancellor position. However, if there are insufficient numbers of candidates for Chancellor, the Board may select the remaining Chancellors.

(b) The Chancellor(s) do not take part in operational decisions of the Association. The Chancellor(s) may mediate disputes among Members or their tenants related to the requirements of the Book, the Mountainside Village Design Code or any Rules or Regulations adopted by the Board, giving neighbors a forum to work out differences and find solutions.

(c) At any regular or special duly called meeting of the Association where the meeting's stated purpose, or one of the purposes, is the removal of an elected Chancellor, the Chancellor may be removed with or without cause, by a majority of the votes entitled to be cast by the Members.

ARTICLE V

OPERATION OF THE PROPERTY

Section 5.1 Collection of Assessments.

The Association, or the Managing Agent at the request of the Board, may take action to collect any assessments including late fees, management fees, and collection fees due from any Member. Each defaulting Member shall also pay all costs of collection including, without limitation, attorneys' fees incurred in the collection of any unpaid assessment or fees, and shall also pay any expense incurred as a result of a check being returned to the Association without payment.

Section 5.2 Statement of Assessments and Access to Records.

The Secretary shall promptly provide any Member, contract purchaser or Mortgagee so requesting the same in writing with a copy of the current Book and Rules and Regulations and a written statement of the amount of the assessments levied against the Parcel and all unpaid assessments due from such Member. The Association shall make available for inspection and copying by a Member or his authorized agent or any Mortgagee, current copies of the Book and Rules and Regulations of the Association and all books, records and financial statements kept by the Association. The right of examination shall exist without reference to the duration of the membership and may be exercised during reasonable business hours or at a mutually convenient time and location and upon five (5) days written notice. The Association may impose and collect a charge, reflecting the actual cost of materials and labor, before providing copies of any documents, books and records.

ARTICLE VI

INSURANCE

Section 6.1 General Requirements.

The Association shall purchase all insurance policies relating to Commons, and the Founder shall have no obligation to purchase the same.

Section 6.2 Board of Directors as Agent.

The Board is hereby irrevocably appointed the agent and attorney-in-fact for each Member, each Mortgagee, other named insurers and their beneficiaries and any other holder of a lien or other interest in the real estate subject to the Book to adjust and settle all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims and to pursue and settle all claims arising out of the taking by way of eminent domain of any of the Commons.

ARTICLE VII
MORTGAGEE RIGHTS

Upon request, any Mortgagee shall be entitled to receive written notice of meetings of the Association, and all Mortgagees or their designees shall be entitled to attend meetings of the Association and shall have the right to speak at such meetings. All Mortgagees shall have the right to examine the books and records of the Association.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Notices.

All notices, demands, requests, statements or other communications under these Bylaws shall be in writing and, unless otherwise required or permitted by law shall be either delivered in person or sent by U.S. first class mail, postage prepaid, (i) if to a Member at the address which the Member shall designate in writing and file with the Secretary and at the address of the Parcel of such Member or (ii) if to the Association, at 541 Village Way, Victor, ID 83455, or to such other address as shall be designated either by notice in writing to the Members pursuant to this Section or by recorded Supplemental Declaration executed only by the Founder and the Association, or (iii) if to a Mortgagee, to the address provided by the Member or to such other address as the Mortgagee may specify by written notice to the Association. Notices may also be hand delivered to the Member. All such notices, demands, requests, statements or other communications shall be deemed to have been given upon the earlier of (i) delivery at the appropriate address above, whether in person, by express courier or by mail, or (ii) three (3)

business days after the postmark date of mailing. Rejection or other refusal to accept shall not invalidate the effectiveness of any notice, demand, request, statement or other communication.

Section 8.2 Captions.

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 8.3 Gender, Etc.

The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 8.4 Construction.

These Bylaws are intended to comply with applicable laws and shall be so interpreted and applied. In the event of conflict between the Book and these Bylaws, the Book shall control.

Section 8.5 Amendments.

Subject to the Book, these Bylaws may be amended with the approval of two-thirds of the voting interests and, during the period when the Founder may appoint Class C Directors, the consent of the Founder. During the period when the Founder may appoint Class C Directors, the Bylaws shall not be amended to affect any rights of the Founder without the Founder's written consent. The Bylaws shall not be amended to affect any rights of the Class B Members without approval of two-thirds of the voting interests of the Class B Members.