

Instrument # 416581
VALLEY COUNTY, CASCADE, IDAHO
09-27-2018 16:18:15 No. of Pages: 31
Recorded for: MILLEMANN PEMBERTON & HOLM LLP
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2018
AMENDED AND RESTATED
BYLAWS
OF
JUG MOUNTAIN RANCH ASSOCIATION, INC.

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 AN IDAHO NONPROFIT CORPORATION**

ARTICLE 1. Definitions

Each term in these Bylaws with its first letter capitalized shall have the meaning defined for such term in the General Declaration for Jug Mountain Ranch, as it may be amended or supplemented, or as defined in these Bylaws.

ARTICLE 2. Offices

The principal offices of the Ranch Association shall be at 1101 N 3rd Street, McCall, Idaho 83638. The Ranch Association may also have offices and may carry on its purposes at such other places within and outside the State of Idaho as the Board may from time to time determine. The principal office of the Association may be changed by the Board by the recordation of a Notice of Change of Principal Office.

ARTICLE 3. Membership, Voting, Quorum and Proxies

3.1 Membership: Diagram 3.1 illustrates the Ranch Association membership classes, as more fully and completely described in this Section 3.1 below.

Jug Mountain Ranch Association	
Membership Classes	
Class	Summary of Members
Class A Residential	Owners of Single Family and Multi-Family Units outside the Village
Class B Village	Owners & Lessees of Units within the Village
Class C Golf	Owner of the Golf Course
Class D Declarant	Declarant
Class E Declarant-Assignee	To be Assigned by Declarant

Diagram 3.1

(a) Regular Memberships:

(i) Class A-Residential: A Class A member shall be entitled to one vote for each Unit owned.

(ii) Class B-Village: There shall be one Class B Village Regular Membership in the Ranch Association attributable to each of the following:

(1) Owner of a Unit in the Village: fee simple title ownership of each Unit located within the Village, except a Unit associated with a Class C Golf or Class D Declarant-Assignee Membership; and,

(2) Lessee of a Unit in the Village: a Lessee's interest in each Leased Premises which carries a Class B Village Membership Interest pursuant to Section 3.1(a)(ii)(1).

(iii) Owner Member: Each such Regular Membership associated with the ownership of a Unit shall be appurtenant to the fee simple title to such Unit. The Owner of a Unit shall automatically be the holder of the Regular Membership appurtenant to that Unit and title to and ownership of the Regular Membership for that Unit shall automatically pass with fee simple title to the Unit. If fee simple title to a Unit is held by more than one person or entity, the Regular Membership appurtenant to that Unit shall be shared by all such persons or entities in the same proportionate interest and by the same type of ownership as fee simple title to the Unit is held.

(iv) Lessee Member: If a Lessee subleases all or any portion of his Leased Premises, the provisions of Section 16.8 of the Declaration shall determine the regular membership(s)

pertaining to the Leased Premises. Subject to said Section 16.8, the Lessee of the Leased Premises shall automatically be the holder of the Regular Membership appurtenant to the Leased Premises and title to and ownership of the Regular Membership for such Leased Premises shall automatically pass with the Lessee's interest in the Leased Premises and shall terminate upon the termination of Lessee's interest in such Leased Premises. If a Lessee's interest to a Leased Premises is held by more than one person or entity, the Regular Membership appurtenant to such Leased Premises shall be shared by all such persons or entities in the same proportionate interest and by the same type of ownership as the leasehold interest to such Leased Premise is held.

(v) Regular Memberships in the Ranch Association shall be limited to Owners and Lessees within Jug Mountain Ranch. A party may hold more than one Regular Membership and may also hold other forms of Membership. The Class C, D and E members shall also hold a Class A or Class B membership for each Unit owned which is associated with a Class A or B membership. For example, if the Class C Member owns two Units associated with a Class A membership, and three Units which are associated with a Class B membership, it would hold the Class C membership, two Class A memberships, and three Class B memberships.

(b) Priority Memberships:

(i) **Class C-Golf:** There shall be one Class C-Golf Priority Membership, which shall be held by the owner of the Golf Course constructed within the Jug Mountain Ranch, which membership shall be held subject to the conditions set forth in the Association Documents. The Golf Priority Member may assign all or part of its Golf Priority Membership to one or more persons or entities by means of the assignment of rights to develop, operate or manage all or part of the Golf Course, or the assignment or sale of all or part of the Golf Course; provided, (a) prior to or at the time of such assignment a written instrument is provided to the Board which defines the resulting holder(s) of the Golf Priority Membership, and obligates said holder(s) of the Golf Priority membership to assume all of the obligations of such membership; and, (b) the Declarant approves in writing. The holder(s) of the Golf Priority Membership shall have the right to one vote, and to appoint one director, as provided in these Bylaws.

(ii) **Class D-Declarant:** Declarant at all times shall have and be deemed to hold a Priority Membership in the Ranch Association whether or not Declarant is an Owner or a Lessee. As the holder of this Declarant Priority Membership, Declarant shall have the right to four votes, and to appoint four directors, as provided in these Bylaws. In addition to all rights granted to it hereunder, the Class D Declarant member shall be entitled to notice of all meetings of any class or combined classes of members and shall be entitled to speak and be heard at any such meeting. The Class D Declarant member may at any time give the Ranch Association notice that it wishes to resign as a member, which notice shall be accompanied by the written resignations of all Class D directors which have not been assigned, in which case the Board shall be reduced by the number of directors the Class D member was then entitled to elect and the Class D member shall have no further rights or obligations hereunder.

(iii) **Class E-Declarant-Assignee:** Declarant shall have the right to create up to four additional Priority Memberships by assigning up to four (4) of its Class D Declarant Memberships to owners or lessees of real property within Jug Mountain Ranch. The resulting classes of membership, shall be named "Class E-1", "Class E-2", "Class E-3" and "Class E-4", each with a short description of the assignee appended to the end. To effect such an assignment, Declarant shall record a Supplemental Declaration stating the name of the new Priority Membership. Each such assigned membership shall have the right to one vote, and to appoint one director, as provided in these Bylaws. Each such assigned membership shall reduce by one the number of votes which may be cast by the Class D Declarant member and the number of directors which the Class D Declarant member shall be entitled to appoint.

(c) This Section 3.1 may be amended only by the Affirmative Vote of a Majority of the Classes.

3.2 Voting:

(a) The Ranch Association shall have the five classes of voting membership set forth below; a member may belong to more than one class:

(i) **Class A-Residential:** A Class A member shall be entitled to one vote for each Unit owned; however, such member shall lose the right to such vote if a certificate of occupancy has not been granted for a dwelling unit on the Unit within 30 months after Declarant's initial transfer of the Unit to a third party, which vote shall be restored at such time as a certificate of occupancy is granted.

(ii) **Class B-Village:**

(1) Each Class B Member who is an Owner of a Residential Unit shall be entitled to one vote for each Residential Unit owned and for which a certificate of occupancy has been granted, or as is otherwise provided in a Supplemental Declaration recorded by Declarant.

(2) Each Class B Member who is an Owner of a Unit or other real property, other than a Residential Unit, upon which at least one structure has been constructed and for which a certificate of occupancy has been granted, or as is otherwise provided in a Supplemental Declaration recorded by Declarant, shall be entitled to a minimum of one vote.

(3) Each Class B Member who is a Lessee shall be a non-voting member for any vote taken within the Jug Mountain Ranch Association, except as otherwise provided in a Supplemental Declaration recorded by Declarant.

(4) A Supplemental Declaration shall be recorded by Declarant, prior to the sale of any such Class B Village Units, which shall specify the exact voting structure for the Class B Members. Declarant shall be entitled to record different and distinct Supplemental Declarations which would apply to different Units owned by Class B Members, and which may provide different voting structures for different Class B Village Units.

(iii) **Class C-Golf:** The holder(s) of the Golf Priority Membership shall constitute the entire Class C Membership. The Class C Golf Priority Membership shall be entitled to one vote.

(iv) **Class D-Declarant:** The Declarant Priority Member shall constitute the entire Class D membership. The Class D member shall be entitled to four votes; as reduced by the number of votes assigned to Class E-Declarant Assignee(s); and, as reduced on the Conversion Date, pursuant to Section 5.1(d) .

(v) **Class E-Declarant-Assignee:** The Declarant Priority Member shall have the right, pursuant to Section 3.1(b)(iii) above, to assign up to four of its votes to owners or lessees of real property within Jug Mountain Ranch. The resulting classes of membership shall each constitute their entire class of membership, and each shall be entitled to one vote.

(b) If a membership in any class is held by more than one person or entity, the holders thereof may vote in any manner in which they all agree as set forth in a written instrument delivered to the Ranch Association. Fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes should be cast, they shall lose their right to vote on the matter being put to a vote. When an Owner casts a vote, it will thereafter be presumed conclusively for all purposes that such Owner was acting with authority and consent of all joint Owners of the Unit(s) from which the vote derived.

(c) At any meeting of a single class of members, such members shall be entitled to vote only the votes to which they are entitled pursuant to being members of such class. At any meeting of the combined classes of membership where a vote of combined classes of members is to be taken, each member shall be entitled to vote the number of votes for each class of which it is a member.

(d) This Section 3.2 may be amended only by the Affirmative Vote of a Majority of the Classes.

3.3 Record Date: The Board shall have the power to fix in advance a date as a record date for the purpose of determining members entitled to notice of or to vote at any meeting or to be furnished with any other information or material, or in order to make a determination of membership, for any purpose other than assessments which are provided for in Article 9 herein. The members existing on any such record date shall be deemed members

for such notice, vote, meeting, furnishing of information or material or other purpose and for any supplementary notice or information or material with respect to the same matter and for any adjournment of the same meeting.

A record date shall not be more than 50 days prior to the date on which the particular action requiring determination of membership is proposed or expected to be taken or to occur.

If no record date is established for a meeting, the date on which written notice of such meeting is first given to any member shall be deemed the record date for the meeting.

3.4 Quorum: Except as otherwise provided in the Articles or these Bylaws, the presence in person or by proxy of members of a class who are entitled to vote more than 20 percent of the total votes for the members of such class shall constitute a quorum for such class where a vote by class is required (class quorum). The presence in person or by proxy of members who are entitled to vote more than 20 percent of the votes of all of the different class members combined shall constitute a quorum where a vote by the combined classes is required (combined quorum).

3.5 Proxies: Votes may be cast in person or by proxy. Every proxy must be executed in writing by the member or his duly authorized attorney-in-fact. Except as provided in Article 11 herein, no proxy shall be valid after the expiration of eleven months from the date of its execution, and every proxy shall automatically cease at such time as the member granting the proxy no longer qualifies as a member in the class of voting membership for which vote the proxy was given.

3.6 Majority Vote: At any meeting of members where a vote by class is required, if a class quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of the members of such class unless the vote of a greater number is required by law, the Articles, the Declaration or these Bylaws as from time to time in force and effect. At any meeting of the combined members of all classes where a vote by class is not required, if a combined quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of the combined class members, unless the vote of a greater number is required by law, the Articles, the Declaration or these Bylaws as from time to time in force and effect.

ARTICLE 4. Membership Meetings

4.1 Annual Meeting: The annual meeting of the members shall be held in the month of August in each year, or at such other date designated by the Board, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. The first annual meeting of the members shall be held in 2005.

4.2 Special Meetings: Special meetings of any class of members or the combined classes of members, for any purpose, unless otherwise prescribed by statute, may be called by the president or by the Board, and shall be called by the president at the request of the members entitled to vote 30 percent or more of the total votes of such class or combined classes of members.

4.3 Place Of Meeting: The Board shall designate a place in the County as the place for any annual meeting or for any special meeting of the members called by the Board. A waiver of notice signed by all members entitled to vote at a meeting may designate any place, either within or outside Idaho, as the place for such meeting. If no designation is made, or if a special meeting shall be called otherwise than by the Board, the place of meeting shall be the principal office of the Ranch Association in Jug Mountain Ranch.

4.4 Notice Of Meeting: A notice stating the place, day and hour of any meeting of Members, together with a general description of the nature of the business to be transacted, shall be delivered either personally, by e-mail or by mail to each member, not less than ten (10) nor more than fifty (50) days before the date of the meeting; provided that notice shall not be given by e-mail to any Member who has specified that they do not want to receive notices by e-mail. If mailed, notice shall be sent to each member at the address shown on the records of the Secretary of the Corporation; or, if no such record exists, to the address shown on the records of the Valley County Assessor. If mailed, such notice shall be deemed to be delivered when deposited in the mail.

4.5 Informal Action By Members: Any action required or permitted to be taken at a meeting of the members may be taken without a meeting if all of the members entitled to vote with respect to the subject matter thereof are given notice of the subject matter pursuant to Section 4.4; and, at least a quorum vote in writing on the matter. Approval of a subject matter by such method shall have the same force and effect as approval pursuant to a vote taken at a meeting of such members.

ARTICLE 5. Board of Directors

5.1 Number, Tenure And Qualifications: The control and management of the Ranch Association and the disposition of its funds and property shall be vested in a Board of Directors (“Board”) consisting of not less than three nor more than nine directors who need not be members of the Ranch Association. Directors shall be elected or appointed for terms as set forth below; provided, however, that if there are no members entitled to vote in a particular class, no director shall be elected or appointed by that class. Diagram 5.1 illustrates the allocation of directors among the Ranch Association membership classes, as is further described in this Section 5.1 below.

Jug Mountain Ranch Association		
Board of Directors		
# of Directors		Class
Current	Maximum	
1	2	Class A Residential
0	2	Class B Village
1	1	Class C Golf
2	4	Class D Declarant (all are assignable)
4	9	TOTAL

Diagram 5.1

(a) **Class A-Residential:** Class A-Residential members shall initially elect one director, to be known as the Class A Director. The Class A Directors shall hold such office for a term of one year. Pursuant to a Supplemental Declaration, Declarant may increase the number of directors elected by the Class A-Residential members to two directors; and, Declarant may allocate the election of the Class A-Residential directors among Neighborhoods made up of Class A-Residential members. There shall be no Class A Director until after the closing of the sale of the first Unit which would create a Class A Membership. The Class A members shall elect the Class A Directors as follows:

(i) **Residential Neighborhoods:** Initially, pursuant to Article 13, Declarant has established only one Residential Neighborhood – the Residential Home Site Neighborhood. Therefore, initially, the members of the Residential Home Site Neighborhood shall elect the Class A Residential Director every year by majority vote.

(ii) **Reallocation of Election of Class A Residential Directors:** The Declarant may, by a Supplemental Declaration, add a Class A Director, and may reallocate the election of either or both of the Class A Residential Directors among Residential Neighborhoods, and may allocate and reallocate the election of either or both of the Class A Residential Directors among existing or newly formed Residential Neighborhoods.

(iii) **Declarant Class Shall Not Appoint Class A Residential Directors:** The Declarant Class member shall not appoint a Class A Residential Director, except as follows: between the time of the closing of the sale of the first Unit that would create a Class A Membership and the next annual meeting of the Members, the Declarant shall appoint Class A Members as the initial Class A Director. Additionally, no person who is an officer, director or employee of Declarant or any of its affiliates may serve as a Class A Residential Director.

(iv) **Declarant’s Right to Create a Residential Association:** Declarant shall have the right to create an Association made up of the Class A-Residential members in the event that it determines that additional formality would help facilitate the election of the Class A-Residential Director(s), and/or to interface with the Ranch Association with regard to the services provided to, or the uses, interests, and/or needs of the Class A-Residential members. Such an association may have different classes of members, to be created based upon relative services provided to, or the uses, interests, and/or needs of the Class A-Residential members. Any such Association shall have no power or the authority to levy assessments, unless specifically authorized in writing to do so by the Board, and any action of such Association shall be subject to the approval of the Ranch Association.

(b) **Class B-Village:** Initially, there will be no Class B-Village members because the Village has not yet been platted as part of the Ranch, therefore there is initially no Class B-Residential director.

There shall be no Class B Directors until after the closing of the sale of the first Unit, or the beginning of the first lease of a Leased Premises, which would create a Class B Membership. Pursuant to a Supplemental Declaration, Declarant may increase the number of directors elected by the Class B-Village members to as many as two directors; and, Declarant may allocate the election of the Class B-Village directors among Neighborhoods made up of Class B-Village members. The Class B Directors shall hold such office for a term of one year. The Class B members shall elect the Class B Directors as follows:

(i) **Village Neighborhoods:** Declarant has not yet established any Village Neighborhoods, but may do so pursuant to Article 13. The Declarant may, by a Supplemental Declaration, add up to 2 Class B Village Directors, and may allocate and reallocate the election of either or both of the Class B Village Directors among existing or newly formed Village Neighborhoods.

(ii) **Declarant Class Shall Not Appoint Class B Village Directors:** The Declarant Class member shall not appoint a Class B Village Director, except as follows: between the time of the closing of the sale or lease of the first such Unit which would create a Class B Membership and the next annual meeting of the Members, the Declarant shall appoint Class B Member(s) as the initial Class B Director(s). Additionally, no person who is an officer, director or employee of Declarant or any of its affiliates may serve as a Class B Village Director.

(iii) **Declarant's Right to Create a Village Association:** Declarant shall have the right to create an Association made up of the Class B-Village members in the event that it determines that additional formality would help facilitate the election of the Class B-Village Director(s), and/or to interface with the Ranch Association with regard to the services provided to, or the uses, interests, and/or needs of the Class B-Village members. Such an association may have different classes of members, to be created based upon relative services provided to, or the uses, interests, and/or needs of the Class B-Village members. Any such Association shall have no power or the authority to levy assessments, unless specifically authorized in writing to do so by the Board, and any action of such Association shall be subject to the approval of the Ranch Association.

Diagram 5.2 illustrates the election of the Class A and Class B Directors, as described in Sections 5.1(a) and (b) above.

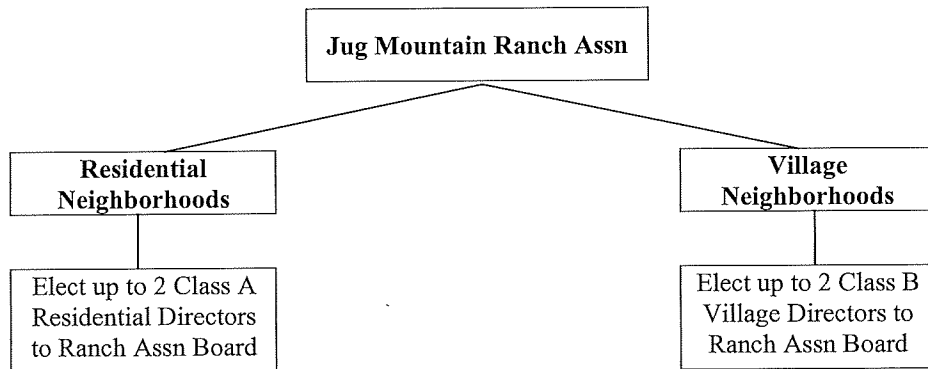


Diagram 5.2

(c) **Class C-Golf:** The Class C-Golf member shall appoint one director, to be known as the Class C Director. The Class C Director shall hold office for a term of one year. The Class C Member shall appoint the Class C Director at or prior to the annual meeting of the Members.

(d) **Class D-Declarant:** The Class D-Declarant Member shall appoint four (4) directors, each to be known as a Class D Director. The Class D Directors shall hold office for a term of one year. The Class D Member shall appoint the Class D Directors at or prior to the annual meeting of the Members. The Class D Member may at any time give the Ranch Association written notice that it wishes to assign its right to appoint up to four (4) directors to owners or lessees of real property within Jug Mountain Ranch. Notwithstanding the foregoing, upon the Conversion Date, the Class D Member shall appoint the lesser of the following: one director; or, four directors, as reduced by the number of directors assigned by the Class D member.

(e) **Class E-Declarant-Assignee:** Each Class E-Declarant-Assignee member shall appoint one director, to be known as a Class E Director. The Class E Directors shall hold office for a term of one year. The Class E Member(s) shall appoint the Class E director(s) at or prior to the annual meeting.

This Section 5.1 may be amended by the Affirmative Vote of a Majority of the Classes, or by the Board; provided, in the case of amendment by the Board, the ratio of Class A Residential Directors to total directors and of Class B Village Directors to total directors shall not be reduced.

5.2 Executive Committee and Subcommittees: The Board may by resolution designate no less than three of their number to constitute an executive committee which shall have and exercise all of the power of the Board in the management of the business and affairs of the Ranch Association or such lesser authority as may be set forth in such resolution (“Executive Committee”). The Board may also by resolution designate no less than three of their number to constitute a subcommittee which shall have and exercise all of the power granted to it by the Board in the management of the business and affairs of the Ranch Association as may be set forth in such resolution (“Subcommittee”). The Board may also form committees of Association Members to advise the Board. No such delegation of authority shall relieve the Board or any member of the Board from any responsibility imposed by law.

5.3 Resignations, Removals & Vacancies: Any director may resign at any time by giving written notice to the president or the secretary of the Ranch Association. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any director appointed by a priority class may be removed from office either with or without cause at any time by the priority member; and, any director elected by a regular class may be removed from office either with or without cause at any time by at least a seventy five percent (75 %) vote of the members of such class who are present in person or by proxy at a meeting called for such purpose. Any vacancy occurring in the Board by reason of resignation, removal or death of any director elected by Class A or B Members may be filled with an alternate Class A or B Member, as the case may be, by the affirmative vote of a majority of the directors then in office, though less than a quorum. Any vacancy occurring in the Board by reason of resignation or death of any director appointed by the Class C, D or E member shall be filled by appointment by the Class Member who appointed the director creating the vacancy. Any director elected or appointed to fill any vacancy in the Board shall serve until the expiration of the term of his or her predecessor.

5.4 Regular Meetings: There shall be not less than two “in person” regular meetings of the Board per year. Additional meetings may be held telephonically or by comparable technological conferencing. Any business may be transacted at a regular meeting. The regular meeting of the Board for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of members, or any special meeting of members at which a Board is elected. The Board may also determine that other regular meetings do not require call or formal notice.

5.5 Special Meetings: Special meetings of the Board may be held at any place within Idaho at any time when called by the president, or by 3 or more directors, upon at least 7 days prior notice of the time and place thereof being given to each director by delivery to the director, or by mailing or telegraphing it prepaid, and addressed to him at his post office address as it appears on the books of the Ranch Association, or by telephone or facsimile transmission. Notices shall state the purposes of the meeting. No notice of any adjourned meeting of the directors shall be required. Special meetings may be held telephonically or by comparable technological conferencing.

5.6 Quorum: At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these Bylaws, the Articles or the Declaration. Notwithstanding the foregoing, there shall be no quorum unless all directors appointed by the Class D Declarant Member are present, unless such requirement is unanimously waived by those Class D Declarant Directors who are present. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

5.7 Waiver Of Notice: Before, at or after any meeting of the Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him or her except when a director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

5.8 Informal Action By Directors: Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the directors.

ARTICLE 6. Board Powers & Management of Business

6.1 Board of Directors to Exercise General Power. The Board shall have and may exercise all lawful powers of the Ranch Association except those which by law, or by the Articles, these Bylaws or the Declaration, expressly require the consent of the members, and including but not limited to those identified in Article 6 of the General Declaration for Jug Mountain Ranch.

6.2 Additional Powers And Responsibilities: In addition to its general powers, the Board shall have the authority and the responsibility to carry out the following, acting through the Ranch Association's officers, and subject to the provisions of the Association Documents:

(a) **Covenant Enforcement:** To enforce any and all covenants, restrictions, agreements, or rules and regulations applicable to Jug Mountain Ranch in any manner provided by the laws of Idaho or the Association Documents, as from time to time in force and effect.

(b) **Rule Making:** To make and enforce rules and regulation applicable within Jug Mountain Ranch for the accomplishment of any of the purposes or to further any of the powers set forth in the Association Documents, and to amend such rules and regulations.

(c) **Association Facilities:** To maintain in good order, condition and repair Association Facilities; and, to protect and defend Association Facilities from loss and damages by suit or otherwise; and, to pay taxes on Association Facilities.

(d) **Insurance:** To obtain and maintain insurance in connection with Association Facilities and related personal property in the manner and the amounts provided in the Declaration, and such other insurance as the Board may consider appropriate.

(e) **Assessments:** To levy Civic, Common and Special Assessments against the members of the Ranch Association as specifically set forth in these Bylaws as from time to time in force and effect, to charge interest on unpaid assessments, to collect charges, fees, fines, penalties and interest in accordance with the Association Documents as from time to time in force and effect, to create and enforce liens given as security for such assessments, charges, fees, fines, penalties and interest, and to exercise any and all remedies available to the Ranch Association under these Bylaws, under other Association Documents or by applicable law.

(f) **Status Statement:** To cause an appropriate officer to issue, upon written request of any member, a statement setting forth the status of payment of assessments or other balances due, and whether the Ranch Association has any outstanding notices of non-compliance with the Declaration by such member. The Ranch Association may charge a reasonable fee for such a statement.

(g) **Contracts:** To enter into, make, amend, perform and carry out, or cancel and rescind, contracts, leases, permits, management agreements, and concession agreements for any lawful purposes pertaining to its business.

(h) **Bank Accounts.** To establish bank accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board.

(i) **Guaranties:** To make any guaranty respecting securities, indebtedness, notes, interest, contracts or other obligations created by any individual, partnership, association, corporation or other entity, and to secure such guaranties by encumbrance upon any and all assets of the Ranch Association, to the extent that such guaranty is made in pursuance of the purposes herein set forth.

(j) **Loans:** To lend money for any of the purposes set forth herein; to invest its funds from time to time and take and hold real and personal property as security for payment of funds so loaned or invested.

(k) **Borrowing:** To borrow funds or raise moneys for any of the purposes of the Ranch Association.

(l) **Real and Personal Property:** To acquire, by gift, purchase, lease, trade or any other method, own, operate, build, manage, maintain, rent, sell, develop, encumber, and otherwise deal in and with real and personal property of every kind and character, tangible and intangible, wherever located, and interests of every sort therein, all in accordance with the Association Documents.

(m) **Records:** To maintain full and accurate books and records showing all of the receipts, expenses or disbursements of the Ranch Association; and, to prepare and upon request deliver to any requesting member an annual statement showing all receipts, expenses or disbursements since the last such statement. Any member may inspect such records upon reasonable notice at any reasonable time.

(n) **Emergency Powers:** The power, exercised by the Ranch Association or by any person authorized by it, to enter upon any property not owned or under the control of the Association in the event of any emergency involving imminent danger to life or property, or when necessary to access any portion of such property except the interior of a building in connection with any maintenance or construction for which the Ranch Association is responsible. Such entry shall be made with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Ranch Association.

(o) **Delegation of Powers:** The authority to delegate its powers and duties to sub-associations, committees, officers, employees, or to any person, firm or corporation. Neither the Ranch Association nor the members of its Board shall be liable for any omission or improper exercise by any person or entity of any such duty or power so delegated.

(p) **Powers Of The Ranch Association Relating To Associations and Neighborhoods:** The Ranch Association shall have the power to veto any action taken or contemplated to be taken by any other Association or Neighborhood within Jug Mountain Ranch, which the Board reasonably determines to be adverse to the interests of the Ranch Association or its Members or inconsistent with the Association Documents. The Ranch Association also shall have the power and shall have broad discretion to require specific action to be taken by an Association or Neighborhood in connection with any of its obligations and responsibilities. Without limiting the generality of the foregoing, the Ranch Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by an Association or Neighborhood, and (b) delegate budgeting duties and require that a proposed budget include certain items and that specific expenditures be made.

(q) **Power to Carry Out Obligations and Rights:** The Ranch Association shall have the power to carry out the obligations and rights described at Article 6 of the Declaration.

(r) **Powers Conferred by Law:** The foregoing enumeration of specific powers shall not limit or restrict in any manner the general powers of the Ranch Association and the enjoyment and exercise thereof as now or hereafter conferred by the laws of Idaho.

(s) **Implied Powers:** The foregoing enumeration of specific powers shall not limit or restrict in any manner the implied powers of the Ranch Association and the enjoyment and exercise thereof as now or hereafter may be reasonably required to carry out the functions provided herein or in any of the Association Documents or to enforce the provisions of any of the Association Documents.

6.3 Management of Business: The following provisions are inserted for the management of the business and for the conduct of the affairs of the Ranch Association, and are in furtherance of and not in limitation or exclusion of the powers granted herein or by law:

(a) **Execution of Instruments:** Authority to convey or encumber the property of the Ranch Association and to execute any deed, contract or other instrument on behalf of the Ranch Association is vested in the president or any vice president. All instruments conveying or encumbering such property (whether or not executed as such attorney-in-fact) shall be executed by the president or vice president and attested by the secretary or an assistant secretary of the Ranch Association.

(b) **Contracts with Directors, Officers or Members:** No contract or other transaction of the Ranch Association with any other person, firm or corporation shall be affected or invalidated by (i) the fact that any one or more of the directors, officers or members of the Ranch Association is interested in, or is a director, trustee or officer of another corporation. or (ii) the fact that any director, officer or member, individually or jointly with others, may be a party to or may be interested in any such contract or transaction. Each person who may become a director, officer or member of the Ranch Association is hereby relieved from any liability that might otherwise arise by reason of his contracting with the Ranch Association for the benefit of himself or any firm or corporation in which he may be in anywise interested.

(c) **Director and Officer Conflicts of Interest:** No contract or other transaction between the Ranch Association and one or more of its Directors or Officers, or any other corporation, firm, association, or entity in which one or more of its directors are Directors or Officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such Director or Officer are present at the meeting of the Board or a committee thereof which authorizes, approves or ratifies such contract or transaction or because such Director's or Directors' votes are counted for such purposes, if:

(i) The fact of such relationship or interest is disclosed or known to the Board or committee which authorizes, approves, or ratifies the contract or transaction, and the contract or transaction is authorized, approved or ratified by a vote or consent sufficient for the purpose without counting the vote or consent of such interested Director; or.

(ii) The contract or transaction is fair and reasonable to the Ranch Association and the fact of such relationship or interest is fully and fairly disclosed or known to the Board.

Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorized, approves, or ratifies such contract or transaction.

Declarant's appointment of any of its members, directors, officers or employees as a Director of the Ranch Association shall specifically not be considered a conflict of interest.

(d) **Compensation:** By resolution of the Board, any director or officer may be paid any one or more of the following: the director's or officer's reasonable expenses incurred, if any, in furtherance of the business or affairs of the Ranch Association; a fixed sum for attendance at meetings; or a stated salary as director. No such payment shall preclude any director from serving the Ranch Association in any other capacity and receiving compensation therefore.

(e) **Indemnity:** Each director or officer, whether or not then in office and each person who may have served at the request of the Ranch Association as a director or officer of another corporation in which it owns capital stock or of which it is a creditor, and his personal representatives and assigns, shall be indemnified by the Ranch Association against all costs and expenses reasonably incurred by or imposed upon him in connection with or arising out of any action, suit or proceeding in which he may be involved, or to which he may be made a party by reason of his being or having been such a director or officer (such expenses to include the cost of a reasonable settlement made with a view of curtailment of the costs of litigation), except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to have been liable for negligence or misconduct in the performance of duty to the Ranch Association, and the foregoing right of indemnification shall not be exclusive of other rights to which he may be entitled as a matter of law.

(f) **Liability Insurance:** The Ranch Association may insure its officers and directors against certain losses which such persons may incur because of their acts or omissions as officers or directors, including, but not limited to, losses resulting from judgments, settlements and costs of litigation. Such insurance shall be limited to reasonable amounts of coverage for such officers and directors.

(g) **Limitation of Liability:** No member of the Ranch Association shall be personally liable for any debt or other obligation of the Ranch Association, and no property within Jug Mountain Ranch shall be subject to any lien to enforce the collection of any debt or other obligation of the Ranch Association, except liens for unpaid assessments made in accordance with the Articles, these Bylaws and the Declaration.

ARTICLE 7. Officers and Agents

7.1 **General:** The officers of the Ranch Association shall be a president, one or more vice presidents, a secretary and a treasurer. Such officers shall be elected by majority vote of the Board, and shall be Board members. The Board may appoint such other officers, assistant officers, committees and agents, including assistant secretaries and assistant treasurers, as they may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board. The salaries of all the officers of the Ranch Association shall be fixed by the Board. One person may hold any two offices, except that no person may simultaneously hold the offices of president and secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Board, such officer, agent or employee shall follow the orders and instructions of the president or his designee.

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

7.3 Vacancies: A vacancy in any office, however occurring, may be filled by the Board for the unexpired portion of the term.

7.4 President: The president shall be the chief executive officer of the Ranch Association. The president shall have the general and active control of the affairs and business of the Ranch Association and general supervision of its officers, agents and employees.

7.5 Vice Presidents: The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the Board. In the absence of the president, the vice president designated by the Board or (if there be no such designation) designated in writing by the president shall have the powers and perform the duties of the president. If no such designation shall be made, all vice presidents may exercise such powers and perform such duties.

7.6 Secretary: The secretary shall:

(a) Keep the minutes of the proceedings of the members, executive committee, subcommittees, and Board;

(b) See that all notices are duly given in accordance with the provisions of these Bylaws, the Articles, the Declaration and as required by law;

(c) Be custodian of the corporate records and of the seal of the Ranch Association and affix the seal to all documents when authorized by the Board;

(d) Keep at the registered office or principal place of business of the Ranch Association a record containing the names and registered addresses of all members, the designation of the property owned or leased by each member, and, if such property is mortgaged and the mortgagee has given the Ranch Association notice thereof, the name and address of the mortgagee;

(e) In general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the Board, assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

7.7 Treasurer: The treasurer shall be the principal financial officer of the Ranch Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Ranch Association and shall deposit the same in accordance with the instructions of the Board. The treasurer shall receive and give receipts for moneys paid in on account of the Ranch Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Ranch Association or whatever nature upon maturity. The treasurer shall perform all other duties incident to the office of the treasurer and, upon request of the Board, shall make such reports to it as may be required at any time. The treasurer shall, if required by the Board, give the Ranch Association a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his or her duties and for the restoration to the Ranch Association of all books, papers, vouchers, money and other property of whatever kind in the treasurer's possession or under his or her control belonging to the Ranch Association. The treasurer shall have such other powers and perform such other duties as may be from time to time prescribed by the Board or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

7.8 Daily Management of the Ranch Association: The Board shall have the authority to hire such employees and agents as it determines are necessary to manage the functions of the Ranch Association and to conduct the day to day management of the Ranch Association subject to the supervision of the Board and its officers.

ARTICLE 8. Obligations of the Members

8.1 Assessments:

(a) **Class A, B & C Members:** Each Class A and B Member shall be obligated to pay and shall pay to the Ranch Association any annual Common Assessment levied under Article 9 with respect to such Owner's Unit. Each Class A, B and C Member shall be obligated to pay and shall pay to the Ranch Association any Special Assessment imposed under Article 9 hereof. Each Class A, B and C Member shall be obligated to and shall collect the Civic Assessment described in Article 9 and pay the total amounts

thereof regularly to the Ranch Association, or see to it that the Civic Assessment is collected and that the total amounts thereof are paid regularly to the Ranch Association as to any transaction with respect to which the Civic Assessment is applicable.

(b) **Class D-Declarant:** The Class D Declarant Member shall not be obligated to pay any assessment by reason of its Class D Membership. The Declarant shall, however, pay any assessment due by reason of its Membership in Class A, B, C or E.

(c) **Class E-Declarant-Assignee:** The Class E Declarant-Assignee Member shall be obligated to pay the assessments that the Declarant-Assignee Member would have been required to pay had the Declarant not assigned to that member a Declarant-Assignee Priority Membership. For example, if the Declarant-Assignee Member would have been a Class B Village Member had it not been assigned a Declarant-Assignee Priority Membership, it shall be obligated to pay assessments as if it were a Class B Village Member.

(d) Each Regular Member and Priority Member shall comply with any determinations made by the Board with respect to any assessment.

(e) Each member shall pay all charges, fines, penalties, interest, or other amounts payable to the Ranch Association in connection with the Common Assessments, Civic Assessments or Special Assessments, or otherwise payable under the Declaration, the Articles or these Bylaws.

8.2 Time For Payments: The amount of any assessment, charge for interest or otherwise, fine, penalty or other amount payable by any Owner or with respect to such Owner's Lessees, Subowners, Guests or Unit shall become due and payable as specified in Article 9 hereof or by the Board. Any such amount which is delinquent shall bear interest at the Default Rate.

8.3 Lien For Assessments And Other Amounts: All assessments, together with interest from the due date of such assessment at the Default Rate, late charges, costs, and reasonable attorney's fees, shall be a charge and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 8.5. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title. Each member hereby waives, renounces and releases all rights to a homestead exemption, and any redemption period to the extent allowed by law, which it may acquire by statute or by operation of law.

8.4 Compliance With Association Documents: Each Member shall comply with all provisions of the Association Documents as from time to time in force and effect. In addition to all other remedies, the membership rights and privileges of any member or guest, including, but not limited to, the right to vote and the right to use Association Facilities and Functions, may be suspended by action of the Board during the period when any assessments or other amounts due relating to such member's Unit remain unpaid; but, upon payment of such assessments or other amounts, such rights and privileges shall be automatically restored. If the Board has adopted and published rules and regulations governing the use of Association Facilities or Functions and the personal conduct of any person related thereto, the directors or the officers of the Ranch Association may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed 30 days, or if such person is in a continuous violation of such rules and regulations for a period during the violation and continuing for 30 days after such time as the violation ceases.

8.5 Enforcement of Assessments:

(a) **Notice of Default and Acceleration of Assessments :** If any assessment is not paid within 30 days after its due date, the Board may mail a notice of default to the Member. The notice shall substantially set forth (a) the fact that the installment is delinquent; (b) the action required to cure the default; (c) a date not less than ten (10) days from the date of the mailing of the notice by which the default must be cured; and, (d) that the failure to cure the default on or before the date specified in the notice may result in the foreclosure of the lien for assessment against the Unit of the Member and the exercise by the Board of any other remedies either provided herein or allowed by law, including an action against the Member personally, for the delinquent assessment. In such case, and as a condition of the cure of the delinquent assessment, the Member may be obligated by the Board, at the Board's sole discretion, to additionally pay all costs of enforcement, including without limitation reasonable attorneys fees, costs and

related expenses and to pay interest at the Default Rate, from the date on which the assessment was due, as well as a reasonable late charge to be determined by the Board.

(b) Enforcement of Assessments: Each Member is and shall be deemed to covenant and agree to pay to the Ranch Association each and every assessment provided for in these Bylaws; and agrees to the enforcement of all such assessments in the manner herein specified. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of the Ranch Association Documents, each Member agrees to pay reasonable attorneys fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Member. In addition to any other remedies herein or by law provided, the Board, or its authorized representative, may enforce the obligations of the Member to pay the assessments provided for in this Declaration, and each of them, in any manner provided by law in equity, or without any limitation of the foregoing, by either or both of the following procedures:

(i) Enforcement by Suit: By commencement of a suit at law against any Member or Members personally obligated to pay assessments, for such delinquent assessments as to which they are personally obligated. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon and/or late charges as provided for herein, costs of collection, court costs and reasonable attorney's fees in such amount as the Court may adjudge against the delinquent Member. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien hereinafter provided for.

(ii) Enforcement by Lien: There is hereby created a claim of lien, with power of sale, on each and every Unit to secure payment to the Ranch Association of any and all assessments levied against any and all Members, together with interest thereon as provided for herein, fines imposed for violation of the Association Documents, and all costs of collection which may be paid or incurred by the Ranch Association in connection therewith, including reasonable attorney's fees. The Board or its duly authorized representative may file and record a Notice of Delinquent Assessment on behalf of the Ranch Association against the Unit of the defaulting Owner, or against the Unit leased by a defaulting Lessee, who has not cured the default as provided in Section 8.5(a) above. The amount of the assessment, plus any costs of collection, expenses attorney's fees and interest assessed in accordance with these Bylaws shall be a lien on the Owner's Unit from and after the time the Ranch Association records the Notice of Delinquent Assessment. Such Notice shall be executed and acknowledged by any officer of the Ranch Association and shall contain substantially the following:

1. The claim of lien made pursuant to these Bylaws;
2. The name of the record Owner;
3. The legal description of the Unit against which claim of lien is made;
4. The name of the defaulting Member, if not the Owner of the Unit (i.e. Lessee);
5. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and attorney's fees and any other sums allowed in any Association Document (with any proper offset allowed); and,
6. The name and address of the trustee authorized by the Ranch Association to enforce the lien by public sale.

Upon recordation, the lien claimed therein shall immediately attach and become effective in favor of the Ranch Association as a lien upon the Unit against which such assessment was levied. Such lien shall have priority over all liens or claims created subsequent to the recordation of the Notice. Any such lien may be foreclosed by appropriate action in Court or in the manner provided by the Idaho Code for the foreclosure of a deed of trust with power of sale, or in any other manner permitted by law. The Board is hereby authorized to appoint its attorney, any officer or director of the Ranch Association, or any Title Company authorized to do business in Idaho as Trustee for the purpose of conducting such power of sale foreclosure. The lien provided for herein shall be in favor of the Ranch Association and shall be for the benefit of all other Members and shall secure payment of all sums set forth in the Notice, together with all sums becoming due and payable in accordance with this Declaration after the date of recordation of said Notice.

The Ranch Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Unit. While a Unit is owned by the Ranch Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Ranch Association.

The sale or transfer of any Unit shall not affect the continued validity or enforceability of the lien, which shall run with and burden the Unit, nor shall it relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A Mortgagee or other purchaser of a Unit who obtains title pursuant to foreclosure of the Mortgage shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be collectible from all members subject to assessment pursuant to these Bylaws, including such acquirer, its successors and assigns. The Owner of a Unit which is sold with unpaid assessments shall also continue to be personally liable therefore.

Each Owner hereby expressly waives any objection to the enforcement and foreclosure of assessment liens in this manner. Upon the timely curing of any default for which a Notice was filed by the Board, the Board shall cause an officer of the Ranch Association to record an appropriate release of such Notice in the Office of the County Recorder of Valley County, Idaho. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use or abandonment of his or her Unit.

8.6 Failure to Assess: Failure of the Board to fix assessment amounts or rates or to deliver or mail each member an assessment notice shall not be deemed a waiver, modification, or a release of any member from the obligation to pay assessments. In such event, each member shall continue to pay Common, Civic, Local Maintenance, and Real Estate Transfer Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Ranch Association may retroactively assess any shortfalls in collections.

ARTICLE 9. Assessments

Diagram 9.1 provides a summary of assessments, as more fully and completely described in this Article 9 below.

ASSESSMENT SUMMARY		
Assessment Type	Assessment Based On	Applicable Section of Bylaws
COMMON ASSESSMENTS		
Class A-Residential	Levied in an equal amount for each Class-A Residential Unit; rate tbd by Board.	9.1(a) & (b)
Class B-Village	Paid by Class B Owners, not Lessees; Based upon either assessed valuation of the Unit w/ improvements, an equal amount among Class B-Village Units, or some combination thereof, as determined by the Board; rate tbd by Board.	9.1(a) & (c)
CIVIC ASSESSMENTS		
Class A-Residential	All rental income which is currently assessed sales tax by the State of Idaho; rate tbd by Board. (The State does not tax rental income for the rental of a residential unit for a period exceeding 30 days.)	9.2(a)
Class B-Village	All income which is currently assessed sales tax by the State of Idaho; rate tbd by Board.	9.2(b)
Class C-Golf	All income which is currently assessed sales tax by the State of Idaho, including food & beverage, merchandise sales; but excluding greens fees, cart & club rental; rate tbd by Board.	9.2(c)
SPECIAL ASSESSMENTS		

Ranch	Levied in the event that the Board determines that other Assessments will be inadequate to meet an unanticipated expense which cannot be deferred to the next budget year. Requires approval of the Declarant and a majority of the Class A, B, C and E Directors. Shall be levied in proportion to the benefits received.	9.3(a)
Local Improvement	Desired improvements; allocated to only those Units which benefit from the improvement; must be approved by at least 2/3 of owners of benefited Units (only the owners of the benefited Units vote).	9.3(b)
Local Maintenance	For maintenance of Exclusive Open Space, or otherwise benefiting a specific neighborhood or group of members; allocated to only those Units and/or neighborhoods which benefit from the repair and maintenance.	9.3(c)
Real Estate Transfer	Assessed when a Unit is transferred / sold; Based upon a percentage of the fair market value of the Unit transferred, with the rate tbd by the Board; Except, Declarant may exempt the first sale of the Unit after purchase by third party from Declarant via a statement in the deed; numerous types of transfers are exempt, as detailed at Section 9.3(d)(iii).	9.3(d)
Utility	For the operation, maintenance, repair and replacement of the Water System and Sewer System.	9.3(e)
Compliance	Cost to bring into compliance with Association Documents.	9.3(f)

Diagram 9.1

9.1 Common Assessments:

(a) **Class A & B Members:** The Board shall levy upon and subsequently collect a Common Assessment from each Class A Residential Member, and each Class B Village Member whose membership is the result of ownership of a Unit, except that prior to the Conversion Date, the Declarant shall have the following options regarding assessments on Units owned by Declarant: Declarant may pay such assessments; or, Declarant shall be deemed to have met its obligation regarding assessments for such Units by the contribution of such funds and/or services to the Association as are necessary to permit the Association to perform its responsibilities and meet its financial needs, up to a maximum of assessments for the fiscal year on Units owned by Declarant. After the Conversion Date, Declarant shall be subject to the Association's assessment on any Units owned by Declarant.

(b) **Levy and Rate of Class A Residential Common Assessment:** The Common Assessment for Class A Residential Members shall be calculated as an equal amount per Unit, which equal amount per Unit shall be the "Common Assessment Rate". Based on budget estimates, the Board shall determine and set forth in its annual budget the Class A Residential Common Assessment Rate required to produce the total Class A Common Assessments set forth in such budget. The annual budget shall be reviewed at the annual membership meeting.

(c) **Levy and Rate of Class B Village Common Assessment:** The Common Assessment for Class B Village Members shall be based upon either assessed valuation of the Unit with improvements, an equal amount per Class B-Village Unit, or some combination thereof, as determined by the Board in its discretion. To the extent that the Board chooses to base the Class B Common Assessment on valuation of the property, the following shall apply:

Class B Common Assessments based upon valuation ("Class B Valuation Common Assessment") shall be levied on or about October 15 of each year, or such other date as the Board may reasonably determine. The Class B Valuation Common Assessment shall be defined as an annual assessment which shall be determined by multiplying (A) the assessed value of a Unit, including all real property within the Unit and all improvements located on or affixed to the Unit, as such value shall have been most recently determined by the Valley County, Idaho tax collector (the "Assessed Value"), by (B) The Class B Valuation Common Assessment Rate set by the Board in accordance with this Section 9.1(c). To determine the Assessed Value of each Unit and the improvements thereon, the Board shall obtain a copy of the property tax roll covering and including all real property in Jug Mountain Ranch as soon as practicable after its publication by the Valley County, Idaho tax collector, or such other date as the Board may reasonably determine. Notwithstanding the foregoing, if for any reason a current property tax roll is not available in a timely fashion or does not, in the judgment of the Board, provide sufficient information to determine the Assessed Values of one or more particular Units and all of the improvements

thereon, the Board may use any reasonable means available to it to determine such Assessed Values for purposes of levying Class B Valuation Common Assessments, including without limitation reference to previous county assessed value determinations and other pertinent information and the employment of qualified appraisers. The Board shall be entitled to use the sales price of the Unit as its assessed value, until such time as reliable valuation of the Unit, as platted, is available from the Valley County Tax Collector.

Based on budget estimates, and the most recently available Assessed Values of the Units and improvements thereon to the extent that Class B Valuation Common Assessments are utilized by the Board, the Board shall determine and set forth in its annual budget the Class B Common Assessment Rate(s) required to produce the total Class B Village Common Assessments set forth in such budget. There could be more than one Class B Common Assessment Rate in the event that the Board chooses to use a blend of assessments levied in equal amounts on certain Units, together with Class B Valuation Common Assessments. The annual budget shall be reviewed at the annual membership meeting.

(d) Payment of Common Assessment: Payment of each Common Assessment shall become due and payable, in its entirety on or before December 1, or such other date as the Board may reasonably determine, except with regard to Declarant, as provided at Section 9.1(a) above. In addition to any other remedy provided herein, in any other Association Document, or by law, any portion of any Common Assessment not paid when due and payable shall become a lien on and against all of the real property owned by such Owner in Jug Mountain Ranch, including any Units owned by such Owner other than the Unit with respect to which the Common Assessment has not been fully paid. The Board, in its sole discretion, in cases of extreme hardship may release any such lien if it receives other security for the payment of the delinquent Common Assessment which it deems sufficient to protect the interest of the Ranch Association. Notwithstanding the foregoing, any Unit which is exempt from taxation pursuant to Title 63, Chapter 6 of the Idaho Code as amended (or any comparable statute), or any property, real or personal, owned by the Ranch Association, by the State and its political subdivisions may be granted an exemption from the Ranch Association Common Assessment by the Board; provided that the Board specifically approves such exemption in each particular case.

9.2 Civic Assessments: The Board shall regularly levy upon and collect from each Class A, B, C, D and E Member an assessment (the "Civic Assessment") as follows:

(a) Class A Residential Members: The Civic Assessments for the Class A Members shall be determined by multiplying (A) the Class A Member's Assessable Income, as defined in this Section 9.2(a), by (B) the Class A Member's Civic Assessment Rate determined by the Board in accordance with Section 9.2(f) below. The Class A Member's Assessable Income shall mean all income from the rental of their Unit which is subject to the current Idaho Sales Tax Act (Idaho Code, Title 63, Chapter 36) (the "Idaho Sales Tax"), as reduced by Exempt Sales pursuant to Section 9.2(g) below.

(b) Class B Village Members: The Civic Assessments for the Class B Members shall be determined by multiplying (A) the Class B Member's Assessable Income, as defined in this Section 9.2(b), by (B) the Class B Member's Civic Assessment Rate determined by the Board in accordance with Section 9.2(f) below. The Class B Member's Assessable Income shall mean all income derived from: any sales made, consummated, conducted, or transacted by such member within the geographical boundaries of Jug Mountain Ranch; any services made, performed or rendered by or on behalf of such Member within the geographical boundaries of Jug Mountain Ranch; and/or the rental of the Member's Unit, or of any equipment or other personal or real property consummated, conducted, transacted or occurring within the geographical boundaries of Jug Mountain Ranch (all of which are referred to herein as "Local Sales"), which are subject to the Idaho Sales Tax, as reduced by Exempt Sales pursuant to Section 9.2(g) below. Income derived from sales occurring on any portion of the Golf Course shall not be subject to the Class B Member Civic Assessment; but, such sales shall instead be subject to the Civic Assessment for the Class C Golf Member.

(c) Class C Golf Member: The Civic Assessments for the Class C Member(s) shall be determined by multiplying (A) the Class C Member's Assessable Income, as defined in this Section 9.2(c), by (B) the Class C Member's Civic Assessment Rate determined by the Board in accordance with Section 9.2(f) below. The Class C Member's Assessable Income shall mean all income received by the Class C Member from sales which are subject to the Idaho Sales Tax, including all income from equipment rentals, merchandise sales, and food and beverages and the rental of any Unit, and as reduced by Exempt Sales pursuant to Section 9.2(g) below; provided that, notwithstanding the foregoing, the Class C Member's

Assessable Income shall specifically exclude any income from greens fees, cart rentals and equipment rentals.

(d) **Class D Declarant Member:** The Declarant Member shall not be subject to Civic Assessments, except to the extent that it is a member of Class A, B, C or E.

(e) **Class E Declarant-Assignee Member:** Any Class E Declarant-Assignee Member shall be subject to the Civic Assessments imposed upon the membership Class that the Declarant-Assignee Member would be a member of if the Declarant had not assigned the Class E membership to it.

(f) **Civic Assessment Rates:** Based on budget estimates and the most recently available historical data with regard to Class A, B, C and E Members' Assessable Income, the Board shall determine and set forth in its annual budget the Civic Assessment Rate required to produce the total Civic Assessment set forth in such budget. The Civic Assessment Rate shall be uniform among membership classes, except by a vote of a majority of the Directors, plus the approval of the Declarant.

(g) **Exempt Sales:** Gross receipts from the following shall not be included in Assessable Income for the purpose of calculating Civic Assessments for any of the Members: (i) any event sponsored by the Ranch Association, or (ii) any event sponsored by an organization exempt from Idaho Sales Tax, but, only to the extent such gross receipts relate to purchases by the organization for official organization business that are therefore exempt from Idaho Sales Tax, or, (iii) any receipts exempted by the Board pursuant to Section 9.2(i) below.

(h) **Payment of Civic Assessments & Reporting:** Each such member's Civic Assessment shall be due and payable without notice from the Ranch Association each time and at such time as such member is required to remit or pay Idaho Sales Tax to the State of Idaho or would be required to make such payment if the sales were covered by the Sales Tax. Each such member shall also deliver to the Ranch Association, without notice, true and correct copies of all written reports, returns, statements, records and declarations, including any supplements or amendments thereto (all of which are referred to herein as "Reports") made or provided to the State of Idaho by such member in connection with the member's Idaho Sales Tax obligations, at such time as such Reports are required to be made to the State of Idaho. If any subsequent adjustments, additions, or modifications are made to any Idaho Sales Tax remitted or paid or Report made by any member to the State of Idaho, such member shall within 30 days thereafter so notify the Ranch Association and provide it with true and complete copies of all Reports or other written material issued or received by such member in regard thereto. If any adjustment increases the amount of Idaho Sales Tax a member is required to remit or results in a refund of such tax, such member shall accordingly pay an appropriate additional Civic Assessment or receive an appropriate refund from the Ranch Association of any excess Civic Assessments previously paid. In addition to all other remedies provided in any Association Document, or by law, any portion of any Civic Assessment not paid by any member when due and payable shall become a lien on and against all of the real property owned or leased by such member in Jug Mountain Ranch. The Board, in its sole discretion, in cases of extreme hardship may release any such lien if it receives other security for the payment of the delinquent Civic Assessments which it deems sufficient to protect the interests of the Ranch Association.

(i) **Board Discretion:** Calculation of all Civic Assessments are in part based upon the current Idaho Sales Tax Act, but Civic Assessments are not, and shall not be considered, a "tax" of any kind; rather, the Act is simply incorporated herein as a means of defining and describing the Civic Assessment. In the event that all or any portion of the Idaho Sales Tax Act is amended in a way that would affect the calculation of Assessable Income, the Board shall have the discretion to consider such amendment in calculating the Civic Assessment, or to continue to consider the previously existing law. The Board shall also have the discretion to further exempt certain types of income from inclusion in the calculation of Assessable Income, either temporarily or permanently, by adoption of rules or regulations in that regard pursuant to Section 6.16 of the Declaration.

9.3 Special Assessments: Special Assessments shall include Ranch Assessments, Local Improvement Assessments, Local Maintenance Assessments, Real Estate Transfer Assessments, Utility Assessments and Compliance Assessments as those terms are used below. They shall be imposed as provided in this Section 9.3 and shall be collected by the Ranch Association. In addition to all other remedies provided in any Association Document, or by law, any portion of any Special Assessment not paid by any member when due and payable shall become a lien on and against all of the real property owned or leased by such member in Jug Mountain Ranch. The Board, in its sole discretion, in cases of extreme hardship may release any such lien if it receives other security for

the payment of the delinquent Special Assessments which it deems sufficient to protect the interests of the Ranch Association.

(a) Ranch Assessments: The Board may levy in any fiscal year one or more Ranch Assessments, applicable to that year only, in the event that the Board determines that other Assessments will be inadequate to meet an unanticipated expense which cannot be deferred to the next budget year. No Ranch Assessment shall be levied without the affirmative vote or written consent of the Declarant and a majority of the Class A, B, C and E Directors. Such a vote shall be held at a meeting of the Directors scheduled for the purpose of considering such a matter, at which a quorum is present. Notice of such meeting shall set forth the purpose therefore and shall be sent to all Directors and all Members not less than fifteen days nor more than sixty days in advance of such meeting. Any such assessment which is so approved shall be levied in proportion to the benefits received. The Board shall make such assessments in proportion to each member's total Common and Civic Assessment contribution to the Ranch Association for the previous fiscal year, or in the same proportion as the Assessed Value of each Benefited Unit is to the Assessed Value of all Benefited Units, or in the same proportion as the frontage of each Benefited Unit is to the frontage of all the Benefited Units, or in the same proportion as the area of each Benefited Unit is to the area of all the Benefited Units, or equally among all Benefited Units, or by any other method that the Board finds will result in assessments being equitable in proportion to benefits received. The date or dates that any such Ranch Assessment is due and payable shall be set forth in the resolution of the Board authorizing such Ranch Assessment.

(b) Local Improvement Assessments:

(i) Local Improvements: In the judgment of the Board, if certain improvements within Jug Mountain Ranch are desirable, and those improvements will especially benefit certain Units, and if all or a part of the costs of those improvements should in fairness be paid for by the Owners of the benefited Units, the Board may propose a Local Improvement Assessment or the Owners of Benefited Units may request a Local Improvement Assessment. With respect to each proposed Local Improvement Assessment, the Board shall specify the nature of the proposed improvement, shall designate the Benefited Units which will be especially benefited by the improvement, and shall recommend a Local Improvement Assessment calculated to meet the costs applicable to the local improvement, with the Board specifying the amounts of such assessments, the dates for payment of such assessments, and the portion, if any, of the costs of any improvement that will be borne by the Ranch Association. The Local Improvement Assessment shall then be submitted to a vote of the Owners of the Benefited Units, at a meeting duly called for such purpose upon written notice which sets forth the purpose of the meeting and is sent to the Owners of the Benefited Units at least 30 days in advance (unless each such Owner waives such notice). If at least two-thirds (2/3) of the Owners of the Benefited Units approve the Local Improvement Assessment at such a meeting, the Local Improvement Assessment shall take effect.

(ii) Apportionment of Local Improvement Assessments: Local Improvement Assessments shall be assessed in proportion to the benefits received. The Board shall make such assessments in the same proportion as the Assessed Value of each Benefited Unit is to the Assessed Value of all Benefited Units, or in the same proportion as the frontage of each Benefited Unit is to the frontage of all the Benefited Units, or in the same proportion as the area of each Benefited Unit is to the area of all the Benefited Units, or equally among all Benefited Units, or by any other method that the Board finds will result in assessments being equitable in proportion to benefits received.

(iii) Disposition of Funds Raised Through Local Improvement Assessments: All funds collected through the imposition of a Local Improvement Assessment shall be applied to the costs of making, contracting, and installing the local improvement for which such assessment was imposed, except that any funds remaining unspent upon completion of such improvement shall be returned to the Owners of the Benefited Units in the proportion on which such Units were assessed.

(c) Local Maintenance Assessments:

(i) Local Maintenance as Provided in a Supplemental Declaration: Certain Neighborhoods and/or Benefited Units will be responsible for the maintenance and repair of the following: Exclusive Common Areas; improvements such as roads, lift stations, or other

improvements which benefit a certain Phase in the Jug Mountain Ranch; and, other property and improvements, including but not limited to landscaping and building exteriors to the extent maintained by the Association. Such responsibility shall be specified in a Supplemental Declaration or shall be determined by the Board pursuant to subsection (c)(ii) below. The expense for such maintenance and repairs shall be paid for through a Local Maintenance Assessment.

(ii) Local Maintenance Other Than as Provided in a Supplemental Declaration: In the judgment of the Board, if maintenance and repair of certain property within Jug Mountain Ranch is desirable, and such maintenance and repair will especially benefit certain Units, and if all or a part of the costs of those improvements should in fairness be paid for by the Owners of the Benefited Units, the Board may propose a Local Maintenance Assessment or the Owners of Benefited Units may request a Local Maintenance Assessment. With respect to each proposed Local Maintenance Assessment, the Board shall specify the nature of the proposed maintenance and/or repair, shall designate the Benefited Units which will be especially benefited by such maintenance and/or repair, and shall recommend a Local Maintenance Assessment calculated to meet the costs applicable to the local maintenance, with the Board specifying the amounts of such assessments, the dates for payment of such assessments, and the portion, if any, of the costs of any maintenance and repair that will be borne by the Ranch Association. Prior to making a final decision regarding whether to impose the Local Maintenance Assessment, the Board shall provide the opportunity for Owners of the Benefited Units to comment on the proposed Assessment, at a meeting duly called for such purpose upon written notice which sets forth the purpose of the meeting and is sent to the Owners of the Benefited Units at least 15 days in advance (unless each such Owner waives such notice). A decision by the Board to reject the Local Maintenance Assessment shall not prohibit the Board from assessing a Compliance Assessment in situations where Owners have violated the Association Documents in failing to appropriately maintain and repair property within Jug Mountain Ranch; and, in such event the Compliance Assessment may be allocated among the Owners in the manner provided at Section 9.3(c)(iii).

(iii) Apportionment of Local Maintenance Assessments: Local Maintenance Assessments shall be assessed in proportion to the benefits received. The Board shall make such assessments in the same proportion as the Assessed Value of each Benefited Unit is to the Assessed Value of all Benefited Units, or in the same proportion as the frontage of each Benefited Unit is to the frontage of all the Benefited Units, or in the same proportion as the area of each Benefited Unit is to the area of all the Benefited Units, or equally among all Benefited Units, or by any other method that the Board finds will result in assessments being equitable in proportion to benefits received.

(iv) Disposition of Funds Raised Through Local Improvement Assessments: All funds collected through the imposition of a Local Maintenance Assessment shall be applied to the costs of the maintenance and/or repairs for which such assessment was imposed.

(d) Real Estate Transfer Assessments:

(i) Assessable Transfers: Upon the occurrence of any transfer, as defined below, the transferee under such transfer shall pay to the Ranch Association a real estate transfer assessment (the "Real Estate Transfer Assessment") equal to the fair market value, as defined below, of the Unit transferred, multiplied by the Real Estate Transfer Assessment Rate which shall be set and periodically reviewed by the Board.

(ii) Definitions:

(A) Transfer: For purposes of this Section 9.3(d), "transfer" means and includes, whether in one transaction or in a series of related transactions, any conveyance, assignment or other transfer of beneficial ownership of any Unit, including but not limited to (1) the conveyance of fee simple title to any Unit, or (2) the transfer of more than 50 percent of the outstanding shares of the voting stock of a corporation, or more than 50 percent of the interest in net profits or net losses of any partnership, joint venture or other entity, which, directly or indirectly, owns one or more Units; but, "transfer" shall not mean or include the transfers excluded under Section 9.3(d)(iii).

(B) Transferee: For purposes of this Section 9.3(d), "transferee" means and includes all parties to whom any interest passes by a transfer, and each party included in the

term "transferee" shall have joint and several liability for all obligations of the transferee under this Section 9.3(d).

(C) Fair Market Value: In the case of a transfer that is in all respects a bona fide sale, "fair market value" of the Unit subjected to transfer shall be the consideration, as such term is defined below, given for the transfer. In case of a transfer that is not in all respects a bona fide sale, fair market value of the Unit subjected to transfer shall be determined by the Ranch Association. A transferee may make written objection to the Ranch Association's determination within 15 days after the Ranch Association has given notice of such determination, in which event the Ranch Association shall obtain an appraisal, at the transferee's sole expense, from a real estate appraiser of good reputation, who is qualified to perform appraisals in Idaho, who is familiar with Valley County real estate values, and who shall be selected by the Ranch Association. The appraisal so obtained shall be binding on both the Ranch Association and the transferee. The above provisions to the contrary notwithstanding, where a transferee does not make a full report of a transfer within 15 days after the time required by this Section 9.3(d) for making such report, the transferee shall be deemed to have waived all right of objection concerning fair market value, and the Ranch Association's determination of such value shall be binding.

(D) Consideration: For purposes of this Section 9.3(d), "consideration" means and includes the total of money paid and the fair market value of any property delivered, or contracted to be paid or delivered, in return for the transfer of any Unit, and includes the amount of any note, contract indebtedness, or rental payment reserved in connection with such transfer, whether or not secured by any lien, mortgage, or other encumbrance, given to secure the transfer price, or any part thereof, or remaining unpaid on the property at the time of transfer, whether or not assumed by the transferee. The term "consideration" does not include the amount of any outstanding lien or encumbrance for taxes, special benefits or improvements, in favor of the United States, the State of Idaho, or a municipal or quasi-municipal governmental corporation or district. In the case of any Transfer, the transferee shall provide the Ranch Association with all relevant documents related to the consideration given for the transfer; and, to the extent not provided by the transferee, the transferor shall so provide such documents.

(iii) Exclusions: The Real Estate Transfer Assessment shall not apply to any of the following, except to the extent that they are used for the purpose of avoiding the Real Estate Transfer Assessment.

(A) Any transfer to or from the Declarant or its successors and assigns.

(B) Any transfer which is: (1) the first Transfer (as defined in Section 9.3(d)(ii)(A)) after a Transfer from Declarant to a third party; and, (2) which has been specifically exempted from the Real Estate Transfer Assessment pursuant to a statement in the Warranty Deed by which Declarant transferred title to the Unit from Declarant to such third party.

(C) Any transfer of real property which is not a Unit by a Class C or Class E member.

(D) Any transfer to the United States, or any agency or instrumentality thereof, the State of Idaho, any County, City and County, Municipality, District or other political subdivision of this State.

(E) Any transfer to or from the Jug Mountain Ranch Association or its successors.

(F) Any transfer, whether outright or in trust, that is for the benefit of the transferor or his relatives, but only if there is no more than nominal consideration for the transfer. For the purposes of this exclusion, the relatives of a transferor shall include all lineal descendants of any grandparent of the transferor, and the spouses of the descendants. Any person's stepchildren and adopted children shall be recognized as descendants of that person for all purposes of this exclusion. For the purposes of this exclusion, a distribution from a trust shall be treated as a transfer made by the grantors of the trust, in the proportions of their respective total contributions to the trust.

(G) Any transfer arising solely from the termination of a joint tenancy or the partition of property held under common ownership, except to the extent that additional consideration is paid in connection therewith.

(H) Any transfer or change of interest by reason of death, whether provided for in a will, trust or decree of distribution.

(I) Any transfer made (1) by a majority-owned subsidiary to its parent corporation, or by a parent corporation to its majority-owned subsidiary, or between majority-owned subsidiaries of a common parent corporation, in each case for no consideration other than the issuance, cancellation or surrender of the subsidiary's stock; or (2) by a partner or a joint venture to a partnership or joint venture in which the partner or joint venture has not less than a fifty percent (50%) interest, or by a partnership or joint venture to a partner or joint venture holding not less than a fifty percent (50%) interest in such partnership or joint venture, in each case for no consideration other than the issuance, cancellation or surrender of the partnership or joint venture interests, as appropriate; or (3) by a corporation to its shareholders, in connection with the liquidation of such corporation or other distribution of property or dividend in kind to shareholders, if the Unit is transferred generally prorata to its shareholders and no consideration is paid other than the cancellation of such corporation's stock; or (4) by a partnership or a joint venture to its partners or joint venturers, in connection with a liquidation of the partnership or joint venture or other distribution of property to the partners or joint venturers, if the Unit is transferred generally prorata to its partners or joint venturers and no consideration is paid other than the cancellation of the partners' or joint venturers' interests; or (5) to a corporation, partnership, joint venture or other association or organization where such entity is owned in its entirety by the persons transferring the Unit and such persons have the same relative interests in the transferee entity as they had in the Unit immediately prior to such transfer, and no consideration is paid other than the issuance of each such persons' respective stock or other ownership interests in the transferee entity; or (6) by any person(s) or entity(ies) to any other person(s) or entity(ies), whether in a single transaction or a series of transactions where the transferor(s) and the transferee(s) are and remain under common ownership and control as determined by the Board in its sole discretion applied on a consistent basis; provided, however, that no such transfer or series of transactions shall be exempt unless the Board finds that such transfer or series of transactions [A] is for no consideration other than the issuance, cancellation or surrender of stock or other ownership interest in the transferor or transferee, as appropriate; [B] is not inconsistent with the intent and meaning of this Subsection (I); and, [C] is for a valid business purpose and is not for the purpose of avoiding the obligation to pay the Real Estate Transfer Assessment. For purposes of this Subsection (I)(6), a transfer shall be deemed to be without consideration [A] if the only consideration is a book entry made in connection with an intercompany transaction in accordance with generally accepted accounting principles; or, [B] no person or entity which does not own a direct or indirect equity interest in the Unit immediately prior to the transfer becomes the owner of a direct or indirect equity interest in the Unit (an "Equity Owner") by virtue of the transfer, and the aggregate interest immediately prior to the transfer of all Equity Owners whose equity interest is increased on account of the transfer does not increase by more than 20% (out of the total 100% equity interest in the Unit), and no individual is entitled to receive directly or indirectly any consideration in connection with the transfer. In connection with considering any request for an exception under this Subsection (I)(6), the Board may require the applicant to submit true and correct copies of all relevant documents relating to the transfer and an opinion of the applicant's counsel (such opinion and counsel to be reasonably acceptable to the Board) setting forth all relevant facts regarding the transfer, stating that in their opinion the transfer is exempt under this Subsection (I)(6), and setting forth the basis for such opinion.

(J) Any transfer made solely for the purpose of confirming, correcting, modifying or supplementing a transfer previously recorded, making minor boundary adjustments, removing clouds on titles, or granting easements, rights-of-way or licenses, and any exchange of Units between Declarant and any original purchaser from Declarant of the one or more Units being transferred to Declarant in such exchange.

(K) Any transfer pursuant to any decree or order of a court of record determining or vesting title, including a final order awarding title pursuant to a condemnation proceeding, but only where such decree or order would otherwise have the effect of causing the occurrence of a second assessable transfer in a series of transactions which includes only one effective transfer of the right to use or enjoyment of a Unit.

(L) Any lease of any Unit (or assignment or transfer of any interest in any such lease) for a period of less than thirty years.

(M) Any transfer to secure a debt or other obligation or to release property which is security for a debt or other obligation, including transfers in connection with foreclosure of a deed of trust or mortgage or transfers in connection with deed given in lieu of foreclosure.

(N) The subsequent transfer(s) of a Unit involved in a "tax free or "tax deferred" trade under the revenue code wherein the interim owner acquires property for the sole purpose of reselling that property within 30 days after the trade. In these cases, the first transfer of title is subject to Real Estate Transfer Assessment and subsequent transfers will only be exempt as long as a transfer assessment has been paid in connection with the first transfer of such Unit in such exchange.

(O) The transfer of a Unit to an organization which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, as amended (or any comparable statute), provided that the Board specifically approves such exemption in each particular case. And,

(P) The consecutive transfer of a Unit wherein the interim owner acquires such Unit for the sole purpose of immediately reconveying such Unit, but only to the extent there is no consideration to the interim owner and such interim owner receives no right to use or enjoyment of such Unit, provided the Board specifically approves such exemption in each particular case. To the extent that consideration is paid to, or for the benefit of, the interim owner, the additional consideration shall be a transfer subject to assessment. In these cases, the first transfer of title is subject to the Real Estate Transfer Assessment and subsequent transfers will only be exempt as long as a transfer assessment has been paid in connection with the first transfer of such Unit in such consecutive transaction and only to the extent there is no consideration to the interim owner.

(iv) Payment and Reports: The Real Estate Transfer Assessment shall be due and payable by the transferee to the Ranch Association at the time of the transfer giving rise to such Real Estate Transfer Assessment. With such payment, the transferee shall make a written report to the Ranch Association on forms prescribed by the Ranch Association, fully describing the transfer and setting forth the true, complete and actual consideration for the transfer, the names of the parties thereto, the legal description of the Unit transferred, and such other information as the Ranch Association may reasonably require.

(e) Utility Assessments: The Board shall levy or charge a Utility Assessment or fees upon each Class A, B, C and E member to cover the costs of the Water System and the Sewer System, whether the said systems are owned by the Declarant or the Ranch Association. Utility assessments may be levied regardless of whether Improvements are constructed on the Unit, however Declarant may, in Declarant's discretion, be exempted from Utility assessments prior to sale of a Unit to a third party, so long as no improvements have been constructed on the Unit. In the Board's discretion, assessments for the Water System may be levied at a flat rate per Unit, or may be based upon a combination of a flat rate plus metered usage; and, assessments for the Sewer System may be levied at a flat rate per Unit, or a graduated rate system which may be based, in whole or in part, on volume of water usage, or some combination of the two assessment methods. In the event that a Class C or E member utilizes the Water System or Sewer System for the benefit of property not classified as a Unit, the Utility Assessment for such use shall approximate, in the Board's discretion, an amount generally proportionate with the use. The Board shall determine the amount of the Utility Assessments based upon the estimated annual cost to operate, repair and/or maintain the Water and Sewer Systems, plus reasonable reserves for capital replacement costs. Additionally, upon the initial transfer of a Unit from Declarant to a third party, or at such time as a Member connects to the Water and/or the Sewer System, the Association shall have the right to collect an initial utility service fee from the Owner. Until such time as ownership of the Sewer System and the Water System are transferred

to the Association, the Declarant reserves the right to operate, repair and replace the said systems, and to contract with the Association for the same, and shall enjoy all rights granted herein to the Association.

(f) **Compliance Assessments:** The Board shall levy a Compliance Assessment to cover all actual costs, fees and expenses incurred in bringing any Property into compliance with the Association Documents, or costs incurred as a consequence of the conduct of the Owner, Lessees or occupants of a Unit, their agents, contractors, employees, licensees, invitees, or guests. Reasonable attorney's fees and costs shall be included in such costs. Prior to levying a Compliance Assessment, the Board shall provide written notice to the Owner, stating the violation, the required action necessary to cure the violation, the corrective action that will be taken by the Ranch Association if the Owner fails to cure, and the number of days within which the Owner must cure the violation (which shall not be less than 14 days unless the violation causes a hazard).

9.4 General Provisions: Any payment or Report required hereunder to be made to the Ranch Association shall be deemed to have been provided in a timely fashion if sent to the principal office of the Ranch Association by first class mail, postage prepaid, and postmarked no later than the date such payment or Report is due, provided the Ranch Association thereby actually receives such payment or Report. The Ranch Association at its own expense shall have the right at any time during regular business hours to inspect and copy all records and to audit all accounts of any member which are reasonably related to such member's obligation hereunder to pay assessments or make Reports to the Ranch Association. If any portion of any assessment hereunder is not paid when due and payable, such portion shall bear interest at the Default Rate from the date due until paid, and the amount of such interest shall for all purposes hereunder (other than the computation of such interest) be added to and become part of the assessment; provided that the Board may in its discretion waive all or any part of such interest for reasonable cause shown. The Board shall have power to determine any matter and to resolve any dispute arising out of the application, determination, payment and collection of any assessment or the making of any Report provided for in this Article 9, and may promulgate such additional rules and regulations which are consistent with the provisions hereof as the Board may deem necessary, useful or appropriate to the reasonable and efficient administration of such provision.

9.5 Ranch Association Budget: At the first meeting of the Board following the adoption of the Ranch Association's fiscal year, the Board shall adopt an estimated budget for the remainder of that fiscal year. Such budget shall include: (A) the estimated costs and expenses and proposed capital expenditures which will be chargeable to the Ranch Association to fulfill its obligations under the Declaration, the Articles and the Bylaws as then in force and effect; (B) the estimated income and other funds which will be received by the Ranch Association; and (C) the estimated total amounts required to be raised by Common, Civic and Special Assessments to cover such costs, expenses and capital expenditures of the Ranch Association and to provide a reasonable reserve. For each subsequent fiscal year the Board shall, prior to the beginning of each fiscal year, propose and tentatively adopt a similar budget, which shall also include all long-term or continuing commitments of the Ranch Association made in connection with or contemplated under any previously approved budget. The Board may delegate budgeting responsibilities to Neighborhoods and/or Benefited Units, for Board review, for Local Improvement Assessments, Local Maintenance Assessments, and such other budget items as the Board may determine. The tentative budget for each subsequent fiscal year shall not be finally established until after members are given an opportunity to provide input regarding such budget. The Board shall provide a copy of the tentative budget to all members at least 30 days prior to adoption. During such 30-day period, members shall have the right to provide their input concerning the budget, which the Board shall review prior to adopting any budget; however, the Board shall retain the sole power to establish the budget. Except as emergencies may require, the Ranch Association shall make no commitment or expenditures in excess of the funds reasonably expected to be available to the Ranch Association through assessments, all other sources of income and borrowing.

ARTICLE 10. Evidence and Determination of Membership, Registration of Mailing Address and Lien Holders

10.1 Evidence Of Membership And Registration Of Mailing Address: Any party on becoming a member shall furnish to the Ranch Association a photocopy or a certified copy of the recorded instrument, or a copy of a lease or sublease, vesting that party with the interest required to make it a member of the Ranch Association. Each such member shall at the same time give a single name and address to which notices to such member may be sent. The member shall state in such notice the class of membership to which it believes it is entitled, the number of votes to which it believes it is entitled and the basis for such determinations. In the event of any change in the facts reported in the original written notice, including any change of ownership, the member shall give a new written notice to the Ranch Association containing all the information- required to be covered by the original notice. As

against any member, and any party claiming by, through, or under such member, the Ranch Association may, but shall not be obligated to, rely, for any and all purposes, on the information reflected in the most recent written notice furnished with respect to such member. The Ranch Association shall keep and preserve the most recent written notice received by the Ranch Association with respect to each

10.2 Ranch Association Determination As To Membership: The Ranch Association, based upon written notices furnished by members as aforesaid and based upon its own investigation, shall have the right, authority and obligation to fix and determine the number and class of votes existing with respect to each member. The Ranch Association shall make such determination at least annually and, in any event, as of any record date and shall make supplemental determinations from time to time as may be necessary after any record date in the light of changes which may come to its attention. The Ranch Association shall keep records of its determinations hereunder which shall be used and may be relied upon by it for any and all purposes. No party shall be entitled to any notice or the right to vote until it has been determined by the Ranch Association that such party is a member. Any party aggrieved by any determination of the Ranch Association with respect to its voting rights may contest such action within 45 days after it has notice thereof by commencing a legal action in the District Court of Valley County, Idaho, within such 45-day period. If such action is not commenced in such period, the determination of the Ranch Association shall be final.

10.3 Address Of The Ranch Association: The address of the Ranch Association shall be 1101 N. 3rd Street, McCall, Idaho 83638. Such address may be changed from time to time upon written notice to all members and all mortgagees or beneficiaries of deeds of trust whose names have been previously filed with the Ranch Association.

ARTICLE 11. Security Interest in Membership

Members shall have the right irrevocably to constitute and appoint the mortgagee or the beneficiary of a trust deed their true and lawful attorney-in-fact to vote in the Ranch Association at any and all meetings of the Ranch Association and to vest in the mortgagee or the beneficiary any and all rights, privileges and powers that they have as members under the Articles and these Bylaws or by the virtue of the Declaration as from time to time in force and effect. Such proxy and vesting shall become effective upon the filing of notice by the mortgagee or the beneficiary with the secretary of the Ranch Association at such time or times as the mortgagee or the beneficiary shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Ranch Association, the Board or the members to carry out their duties as set forth in the Declaration. A release of the mortgage or the beneficiary's deed of trust shall operate to revoke such proxy and vesting. Nothing contained in this Article 11 shall be construed to relieve members, as mortgagors, of their duties and obligations as members or to impose upon the mortgagee or the beneficiary of the deed of trust the duties and obligations of an Owner.

ARTICLE 12. Design Review Committee

The Board shall establish a Design Review Committee consisting of 3 to 5 persons in accordance with the Declaration as from time to time in force and effect which shall have the duties and perform the functions described therein. Each member and the Ranch Association shall be bound by the Design and Development Guidelines, and any additional rules and regulations, copies of which shall be maintained in the records of the Ranch Association and available for inspection by members of the Ranch Association at all reasonable times.

ARTICLE 13. Neighborhoods

13.1 In General: Declarant may, pursuant to a Supplemental Declaration, designate a group of Units as separate Neighborhoods within Jug Mountain Ranch, for purposes of electing Directors to the Ranch Association Board as provided at Sections 5.1(a) and 5.1(b) above. A Neighborhood may consist of more than one housing type and may include noncontiguous parcels of property. A Neighborhood may act either directly with the Ranch Association, or through a Neighborhood Committee or Neighborhood Association established in accordance with this Article 13. Declarant shall assign all Units to a Neighborhood in a Supplemental Declaration, and shall have the right to add Units to each Neighborhood, and to reallocate Units within each Neighborhood pursuant to a Supplemental Declaration. Initially, there will be no Neighborhood Committees or Associations, however any Neighborhood can be later formally organized as a Committee or an Association by the Ranch Association Board. Until such time as a Neighborhood Committee or Association is organized, if at all, the members of the Neighborhood shall elect their designated Ranch Association Director(s) at the annual meeting of the Members of the Ranch Association.

13.2 Neighborhood Committees and Associations: Each Neighborhood which is not formally organized can be later organized by the Board as a Committee or and Association, to facilitate the election of Ranch

Association Directors, and to interface with the Ranch Association with regard to the services provided to, or the uses, interests, and/or needs of the Neighborhood. No Neighborhood Committee or Association shall have the power or the authority to levy assessments, unless specifically authorized in writing to do so by the Board, and any action of such Committee or Association shall be subject to the approval of the Ranch Association.

(a) **Neighborhood Committees:** In the event that a Neighborhood Committee is created, the Neighborhood shall elect a Neighborhood Committee. Such a Neighborhood Committee shall consist of two to five Members, as determined by at least a majority of the votes associated with the Units in the Neighborhood. Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the notice requirements applicable to the Board. At all Neighborhood Committee meetings, a majority of the committee members present in person or by proxy shall constitute a quorum for the transaction of business. Unless specifically provided to the contrary herein, decisions of the Neighborhood Committee shall be made by an affirmative vote of a majority of the committee members present at any meeting at which a quorum is present. Any vote for a Ranch Association Director shall be taken by all of the members of the Neighborhood, and not simply by vote of the committee members; and, quorum, voting, notice and meeting requirements for such a vote shall be those applicable to membership meetings herein. Meetings of a Neighborhood Committee shall be open to all Owners of Units in the Neighborhood and their representatives, as well as to Declarant and the Ranch Association Board. Minutes of all Neighborhood Committee Meetings shall be kept and a copy thereof provided to the Secretary of the Ranch Association, and to any member of the Neighborhood, upon request. It is intended that the Neighborhood Committee shall provide a mechanism for issues which are unique to the Neighborhood to be addressed and, as necessary, presented to the Board of the Association of which the Neighborhood is a part.

(b) **Neighborhood Associations:** In the event that a Neighborhood Association is created, the Ranch Association Board shall adopt Articles of Incorporation and Bylaws which outline the regulation and the management of the affairs of the Neighborhood Association. The members of such Association shall be the members of the Neighborhood.

13.3 Residential Home Site Neighborhood: Declarant hereby initially creates the Residential Home Site Neighborhood. A Supplemental Declaration shall detail the owners of which Units shall be members of the Residential Home Site Neighborhood. As stated at Section 5.1(a) above, the Residential Home Site Neighborhood shall initially elect one Class A-Residential Director.

ARTICLE 14. Amendments

14.1 By the Board: Except as limited or committed to action by the members, either by law, the Articles, the Declaration or these Bylaws, the Board shall have sole power to make, amend and repeal the Bylaws of the Ranch Association at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented. However, if the members shall make, amend or repeal any bylaw, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action.

14.2 By Members: The members may, by the Affirmative Vote of a Majority of the Classes, unless expressly made subject to a higher voting requirement by law, the Articles, the Declaration or these Bylaws, make, amend and repeal the Bylaws of the Ranch Association at any annual meeting or at any special meeting called for that purpose at which a combined quorum shall be represented.

14.3 By Declarant: The Declarant may make, amend and repeal the Bylaws of the Ranch Association at any time prior to the sale of the first Unit.

14.4 Declarant Approval of Amendments: No amendment to these Bylaws prior to the Conversion Date shall be effective without the written approval of Declarant.

ARTICLE 15. Fiscal Year

The fiscal year of the Ranch Association shall be such as may from time to time be established by the Board.

CERTIFICATION

This is to certify that the foregoing 2018 Amended and Restated Bylaws for Jug Mountain Ranch Association, Inc. have been duly adopted by the Board of Directors at a meeting held on August 15, 2018, and have been approved at a meeting of the Members of the Jug Mountain Ranch Association held September 22, 2018 at which a quorum was present. At least 51% of the votes of the Class A Members voted to approve. The Class B Member, the Class C Member and the Class D Member each voted to approve.

The foregoing 2018 Amended and Restated Bylaws for Jug Mountain Ranch Association, Inc. shall be effective as of the date of recordation with the Valley County, Idaho Recorder, and that they shall replace and supersede the following: The Amended and Restated Bylaws of Jug Mountain Ranch Association, Inc., which were recorded with the Valley County, Idaho Recorder as Instrument No. 313722; and, the 2009 Amendment to Bylaws of Jug Mountain Ranch Association, Inc., which was recorded with the Valley County, Idaho Recorder as Instrument No. 346109; and, the 2012 Amendment to Bylaws of Jug Mountain Ranch Association, Inc., which was recorded with the Valley County, Idaho Recorder as Instrument No. 386897; and, the 2014 Amendment to Bylaws of Jug Mountain Ranch Association, Inc., which was recorded with the Valley County, Idaho Recorder as Instrument No. 387207. .

JUG MOUNTAIN RANCH
ASSOCIATION, INC.

By: 

David John Carey II, President

IN WITNESS WHEREOF Declarant hereby consents to these 2018 Amended and Restated Bylaws for Jug Mountain Ranch Association, Inc., pursuant to Section 11.7 of the General Declaration for Jug Mountain Ranch recorded with the Valley County, Idaho Recorder on May 24, 2004 as Instrument No. 283340.

JUG MOUNTAIN RANCH LLC,
An Idaho limited liability company

By: 

David John Carey II, Manager

STATE OF IDAHO,)
) ss.
County of Valley.)

On this 27th day of SEPTEMBER, 2018, before me, Amy Pemberton, a Notary Public in and for said State, personally appeared **David John Carey II**, known or identified to me to be the President of **Jug Mountain Ranch Association, Inc.**, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

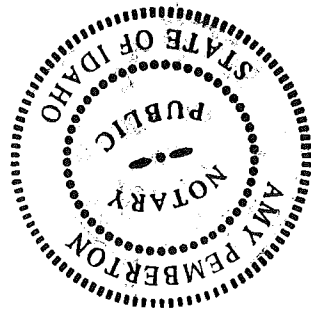


Amy Pemberton
NOTARY PUBLIC FOR IDAHO
Residing at: W. FALL, ID
My Commission Expires: 5/9/2021

STATE OF IDAHO,
County of Valley.

On this 27th day of SEPTEMBER, 2018, before me, Amy Pemberton, a Notary Public in and for said State, personally appeared **David John Carey II**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

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



Amy Pemberton
NOTARY PUBLIC FOR IDAHO
Residing at: W. FALL, ID
My Commission Expires: 5/9/2021