

BY-LAWS

OF

KNOB HILL RIDGE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I: NAME AND LOCATION

The name of this non-profit corporation is and shall be Knob Hill Ridge Condominium Association, Inc., hereinafter referred to as "the Association". The principal place of business of the Association shall be located in Blaine County, Idaho, and meetings of the Association and of the Board of Directors may be held at such places within Blaine County, Idaho, as may be designated by the Board of Directors.

ARTICLE II: DEFINITIONS

Section 1: "Association" shall mean and refer to the Knob Hill Ridge Condominium Association, Inc., its successors and assigns.

Section 2: "Properties" or "the project" shall mean and refer to that certain property commonly referred to as the Knob Hill Ridge Condominiums, the legal description of which property is attached to the Condominium Declaration for Knob Hill Ridge Condominiums, recorded in the office of the Blaine County Recorder. Said terms shall also mean and refer to any additions to said property as may hereinafter be brought within the jurisdiction of the Association.

Section 3: "Common area" shall mean all real property in the project which is owned by the Association for the common

use and enjoyment of all of the owners.

Section 4: "Unit" or "condominium unit" shall mean and refer to any one of the Knob Hill Ridge individual condominiums, as shown upon the condominium map for the project, recorded with the Blaine County Recorder.

Section 5: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any condominium unit which is a part of the project.

Section 6: "Declarant" shall mean and refer to Ketchum Properties, a limited partnership and his successors and assigns.

Section 7: "Declaration" shall mean and refer to that certain document entitled "Condominium Declaration for Knob Hill Ridge Condominiums", recorded in the office of the Blaine County Recorder.

Section 8: "Member" shall mean and refer to those persons entitled to membership in the Association, as provided in the Articles of Incorporation of the Association.

ARTICLE III: MEETINGS OF GENERAL MEMBERSHIP

Section 1: Annual Meetings. The first annual meeting of the general membership of the Association shall be held within six months following closing of the first sale of a unit, or within one month following the date on which closings for a majority of the units have taken place, whichever shall first occur. Each subsequent regular annual meeting of the general membership shall be held on the premises of the project on the Saturday immediately following Christmas, or such other reasonable place and time as designated in written notice to the owners by the Board of Directors. Any notice required herein shall be in writing, mailed to each member not less than ten (10) nor more than fifty (50)

days prior to the date fixed in said notice for the meeting.

Section 2: Special Meetings. Special meetings of the general membership may be called at any time for the purpose of considering matters requiring the approval of all or a portion of said general membership, or for any other reasonable purpose. Said meetings shall be called, by written notice as hereinabove set forth, by the President, the Board of Directors, or by members holding not less than one-tenth (1/10) of the votes entitled to be cast at such meeting. Said notice shall specify the date, time, and place of the meeting, and the matters to be considered at said meeting.

Section 3: Quorum. The presence, in person or by proxy, of the members having a majority of the total votes in the Association shall constitute a quorum. Any action may be taken by the general membership upon the affirmative vote of a majority of the total votes present at any regular or special meeting of the general membership, except for actions requiring the vote of more than a simple majority, as set forth in the Articles of Incorporation of the Association or these By-laws.

Section 4: Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary-treasurer of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by a member of his unit or units.

ARTICLE IV: BOARD OF DIRECTORS

Section 1: Number. The affairs of this Association shall be managed by a Board of Directors, which Board shall consist

of three (3) elected Directors. Each Director must be a member of the Association.

Section 2: Term of Office. At each annual meeting of the general membership, the members shall elect the three Directors for the forthcoming year. Directors shall serve for a term of one (1) year and until their respective successors are elected, or until resignation or removal; provided, that if any Director ceases to be an owner, his membership in the Association, and position as Director, shall thereupon terminate.

Section 3: Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4: Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5: Action Taken Without a Meeting. The Directors shall have the right to take any action which could normally be taken pursuant to a meeting of the Board, without holding such a meeting, by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

Section 6: Authority of Directors. The Board of Directors, for the benefit of the properties and the owners thereof, shall take whatever legal and appropriate action necessary to enforce

the provisions of the Declaration, and, specifically, shall have the authority and power to levy and collect necessary assessments, and to take all action necessary in order to enter into contracts relating to, and assure payment of, all costs associated with the maintenance and upkeep of the project.

ARTICLE V: MEETINGS OF DIRECTORS

Section 1: Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2: Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two Directors, after not less than ten (10) days' notice to each Director.

Section 3: Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI: OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors; a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2: Election of Officers. The election of

officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3: Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4: Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6: Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7: Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to

Section 4 of this Article.

Section 8: Duties. The duties of the officers are as follows:

(a) President: The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall cosign all checks and promissory notes. The duty and power of the president to sign written instruments and to cosign all checks and promissory note may be delegated to an officer or representative of the Association duly approved by the Board of Directors.

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

(c) Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association, and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be

represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE VII: BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the By-laws of the Association shall be available for inspection by any member during reasonable business hours, upon written request for such inspection presented to the President of the Association.

ARTICLE VIII: CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Knob Hill Ridge Condominium Association, Inc.

Section 1: These By-laws may be amended, at a regular or special meeting of the general membership, by the affirmative vote of two-thirds of the members present at such meeting; provided, that a quorum as specified in the By-laws of the Association be present.

Section 2: In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control. In the case of any conflict between the Declaration and these By-laws, the Declaration shall control.

ARTICLE X: FISCAL YEAR

The fiscal year of the Association shall begin on the

first day of November of every year, except that the first fiscal year shall begin on the date of incorporation.

ASSENT OF DIRECTORS

We, the undersigned directors of Knob Hill Condominium Association, Inc., an Idaho non-profit corporation, having read and fully considered the foregoing By-laws, do hereby assent to the adoption and do hereby adopt the foregoing By-laws as and for the By-laws of the Knob Hill Ridge Condominium Association, Inc.

DATED this _____ day of _____, 1980.

CERTIFICATE

STATE OF IDAHO)
) ss.
County of Blaine)

We, the undersigned, Directors and Secretary-Treasurer of Knob Hill Ridge Condominium Association, Inc., an Idaho non-profit corporation, organized under the laws of the State of Idaho, do hereby certify:

1. That the Directors signing this certificate are all of the Directors of said Association and that _____ is the Secretary-Treasurer of said Association and of its Board of Directors.
2. That the subscribers to the foregoing assent are all of the directors of said Association.

3. That the said subscribers signed said assent on the day it bears date, and then and there adopted the foregoing By-laws as the By-laws of said corporation.

WITNESS our hands and the seal of said Association this _____ day of _____, 1980.

ATTEST:

Secretary-Treasurer

AFFIDAVIT

STATE OF IDAHO)
) ss.
County of Blaine)

deposes and says: _____, being first duly sworn,

I am the duly elected, qualified and acting Secretary-Treasurer of Knob Hill Ridge Condominium Association, Inc., an Idaho non-profit corporation, and as such I have the custody of certain Association records, including the Book of By-laws to which this Affidavit is attached, and the same is a full, true and correct copy of the By-laws of said Association as adopted by the Directors of said corporation.

Secretary-Treasurer

Subscribed and sworn to before me this _____ day of _____, 1980.

Notary Public for Idaho
Residing at _____

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RECEIVED BY NOTARY PUBLIC
MARIE MEE LUYA
APR 1 1980
Blaine, Idaho

Blaine, Idaho
3-30-80
Marie Mee Luya
Notary Public
Blaine, Idaho

No. 202072

AMENDMENT TO CONDOMINIUM DECLARATION

FOR

KNOB HILL RIDGE CONDOMINIUMS

Ketchum Properties, a California limited partnership (together with successors and assigns, collectively), the "Declarant," is the owner of that certain real property located in the City of Ketchum, Idaho, commonly referred to as the Knob Hill Ridge Condominiums, the legal description of which real property is as follows:

Lots 1 through 4, Block 28, and 1/2 of 8th Street, and 1/2 of Leadville Avenue - north and south only as it borders Lots 3 and 4, Ketchum, Blaine County, Idaho.

Declarant hereby amends Article X, Section 10.1 of the Condominium Declaration for Knob Hill Ridge Condominiums, recorded March 20, 1980, with the Blaine County Recorder as Instrument No 202072, to read as follows:

Section 10.1. Permissible Use. Each Unit shall be used as a residence or professional office only. No retail trade or business of any kind may be carried on within any Unit or on the premises of the Project. In the event that any Owner elects to use a Unit, in part or in whole, as a professional office, said Owner shall be solely responsible for insuring compliance with all zoning ordinances, parking requirements, and all other federal, state, county and city laws, ordinances, regulations and requirements which apply to such use. Lease or rental of a Unit for permissible use, as defined herein, shall not be considered to be a violation of this covenant. Any lease or rental agreement for a term greater than thirty (30) days must be in writing, and any such lease or rental agreement must provide that its term shall be subject in all respects to the provisions of this Declaration and the By-laws and Rules and Regulations of the Association and that any failure by the tenant to comply with the terms of such documents, rules and regulations shall be a default under the lease or rental agreement, and that the Owner grants to the Association and its managing agent the authority to evict the tenant on the Owner's behalf for such default, upon only such notice as is required by law; provided that if any lease or rental agreement does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part thereof and binding upon the Owner and tenant by reason of their being stated in this Declaration.

Except as amended herein, the remainder of the above-referenced Condominium Declaration for Knob Hill Ridge Condominiums shall remain in full force and effect. In case of any contradiction or inconsistency between this Amendment and said Condominium Declaration and/or the Articles and By-laws of the Knob Hill Ridge Condominium Association, Inc., this Amendment shall control.

DATED this 11th day of November, 1980.

KETCHUM PROPERTIES, a
limited partnership

By Bryan S. Hall
Bryan S. Hall, General Partner

CONSENT

The undersigned hereby acknowledge that they have read the foregoing Amendment to Condominium Declaration for Knob Hill Ridge Condominiums, approve of the contents thereof, and consent to the recordation of said Amendment.

Jerome Moiso
Jerome Moiso

Skorklers Sun Valley Partnership

By Mark A. Matthews
Mark A. Matthews

Rick Neate
Rick Neate

Rick Neate
Rick Neate

ACKNOWLEDGMENT

STATE OF IDAHO)
) ss.
County of BLAINE)

On this 17th day of November, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared BRYAN S. HALL, known to me to be the general partner of Ketchum Properties, a limited partnership, and the partner who subscribed said partnership name to the foregoing instrument, and acknowledged to me that he executed the same in said partnership name.

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

[Signature]
Notary Public for Idaho
Residing at Notary Public

ACKNOWLEDGMENT

STATE OF Idaho)
) ss.
County of Blaine)

On this 27th day of November, 1980, before me, the undersigned, a Notary Public for said State, personally appeared JEROME MOISO, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he 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.

[Signature]
Notary Public for Idaho
Residing at Idaho

ACKNOWLEDGMENT

STATE OF Idaho)
) ss.
County of Blaine)

On this 18th day of November, 1980, before me,
the undersigned, a Notary Public for said State, personally
appeared MARK A. MATTHEWS, known to me to be the managing
partner of Skorklers Sun Valley Partnership, a general partner-
ship, and the partner who subscribed said partnership name to
the foregoing instrument, and acknowledged to me that he
executed the same in said partnership name.

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

James L. Kennedy Jr.
Notary Public for Idaho
Residing at Victor, Idaho

ACKNOWLEDGMENT

STATE OF)
) ss.
County of)

On this 18th day of November, 1980, before me, the
undersigned, a Notary Public for said State, personally appeared
RICK NEATE, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he
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.

James L. Kennedy Jr.
Notary Public for Idaho
Residing at Victor, Idaho