

Sun Valley Elkhorn Association, Inc.



Master Declaration

Includes all amendments up to and including December 30, 2005

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**MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
ELKHORN AT SUN VALLEY**

THIS MASTER DECLARATION is made this 22 day of March, 1972, by ELKHORN AT SUN VALLEY, an Idaho joint venture (herein "Grantor").

RECITALS

A. Grantor is the owner of certain real property in the County of Blaine, State of Idaho, a portion of which is more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof, which described real property is hereinafter referred to as "Elkhorn".

B. Elkhorn is an area of much natural beauty, including distinctive terrain features and pastoral areas; and it is the desire and intent of the Grantor to create a planned development community, primarily for residential use, in which such natural beauty shall be substantially preserved and, for the enjoyment and convenience of the persons living in such community, enhanced by the installation and operation of recreational and limited commercial facilities. The covenants, conditions and restrictions established by this Master Declaration are intended to secure such objectives.

DECLARATION

NOW, THEREFORE, Grantor hereby declares that Elkhorn is and shall be held, conveyed, encumbered, leased and used subject to the following uniform covenants, conditions, restrictions and equitable servitude to furtherance of a plan for the subdivision, improvement and sale of Elkhorn, and to enhance the value, desirability and attractiveness of such property. The restrictions set forth herein shall run with the real property included within Elkhorn; shall be binding upon all persons having or acquiring any interest in such real property or any part thereof; shall inure to the benefit of every portion of such real property and shall inure to the benefit of and be binding upon Grantor, its successor in interest, and may be enforced by Grantor, by any Owner or his successors in interest, or by the Master Association.

These Restrictions shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by any Owner (including Grantor) upon property owned within Elkhorn, provided that when completed such Improvements will in all ways conform to these restrictions. Specifically, no such construction activities shall be deemed to constitute a nuisance or violation of these Restrictions by reason of noise, dust, presence of vehicles or construction machinery, erection of temporary structures, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In event of any dispute, a temporary waiver of the applicable provisions, including but not limited to any provision prohibiting temporary structures, may be granted by the Architectural Committee, provided that such waiver shall be only for the reasonable period of such construction. Such waiver may, but need not, be recorded or in recordable form.

Further, the Elkhorn Restrictions shall not be construed as to prevent or limit Grantor's right to maintain model homes, construction, sales or leasing offices or similar facilities on any property in Elkhorn owned by Grantor or on property the Owner of which consents to such use, nor Grantor's right to post signs incidental to the construction, sales or leasing:

ARTICLES shall mean the Articles of Incorporation of the Master Association which have been filed in the office of the Secretary of State of the State of Idaho, a true copy of which is attached hereto, marked Exhibit "C" and incorporated herein by this reference.

ASSESSMENTS shall mean assessments of the Master Association and includes both regular and special assessments.

ASSOCIATION PROPERTY shall mean all real and personal property now or hereafter owned by or leased to the Master Association, except property title to which is held by the Master Association pursuant to Section 6.04L hereof.

BENEFICIARY shall mean a mortgagee under a mortgage or a beneficiary or holder under a deed of trust, as the case may be, and/or the assignees of such mortgagee, beneficiary or holder.

ARTICLE I DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in the Elkhorn Restrictions shall have the meaning hereinafter specified.

ARCHITECTURAL DESIGN COMMITTEE shall mean the committee created pursuant to Article VIII hereof.

ARCHITECTURAL DESIGN COMMITTEE RULES shall mean the rules adopted by the Committee pursuant to Section 8.02 hereof.

BOARD shall mean the Board of Directors of the Master Association.

BYLAWS shall mean the Bylaws of the Master Association, which have been or shall be adopted by the Board substantially in the form of Exhibit "D" attached hereto and incorporated herein by this reference, as such Bylaws, may be amended from time to time.

COMMERCIAL AREA shall mean all of the real property so classified in accordance with Section 2.02 hereof.

COMMERCIAL SITE shall mean any Lot or Condominium, or any unit of either, together with the Improvements, if any, thereon, located in a Commercial or Residential/Commercial Area and designated for Commercial Use.

COMMERCIAL USE shall mean any activity involving the offering of goods or services.

COMMON AREA shall mean any portion of Elkhorn designated as a Common Area for the primary benefit of the Owners of Lots within a particular tract, or the Owners of Condominiums within a Condominium Project, to be owned in common by such Owners or by a nonprofit corporation or unincorporated association in which all such Owners shall be entitled to membership.

COMPLETION shall mean the happening of either of the following, whichever first occurs:

1. Two (2) years after the date all of the property described in Exhibit "B" has been annexed to Elkhorn, or
2. December 31, 1981.

CONDOMINIUM shall mean a Condominium as defined in Section 55-101B of the Idaho Code, i.e., an estate consisting of (i) an undivided interest in common in real estate, and an interest or interests in real property, or in any combination thereof, together with (ii) a separate interest in real property, and an interest or interests in real property, or in any combination thereof.

CONDOMINIUM PROJECT shall mean a project as defined in Section 55-1503 (b) of the Condominium Act of the State of Idaho, i.e., the entirety of an area divided or to be divided into Condominiums.

DEED OF TRUST shall mean a mortgage or a deed of trust, as the case may be.

ELKHORN shall mean all that certain real property identified and described in Exhibit "A" to this Master Declaration, as the same is now and as it may from time to time be developed and improved, together with such portion of the real property located in the County of Blaine, State of Idaho, and described in Exhibit "B", upon which Supplemental Declaration and making such real property subject hereto, as provided in Section 2.03 hereof.

ELKHORN AREA shall mean all of the real property so classified in accordance with Section 2.02 hereof.

ELKHORN MAINTENANCE FUND shall mean the fund created for the receipts and disbursements of the Master Association, pursuant to Section 9.01 hereof.

ELKHORN RESTRICTIONS shall mean this Master Declaration, together with any and all Supplemental Declarations which may be recorded by Grantor or its successors pursuant to Section 2.02 hereof, as said documents may be amended from time to time, and the Elkhorn Rules from time to time in effect.

ELKHORN RULES shall mean the rules adopted by the Board pursuant to Section 6.06 hereof, as they may be amended from time to time.

GRANTOR, shall mean Elkhorn at Sun Valley, an Idaho joint venture comprised of Johns-Manville Idaho, Inc., an Idaho Corporation, and Dollar Mountain Company, Inc., an Idaho Corporation, provided, however, that the taking of any action reserved to or the right to which is held by the Grantor under this Agreement, including the delegation of authority to an agent of Grantor to take such action, shall require the prior written approval of both Johns-Manville Idaho, Inc. and Dollar Mountain Company, Inc.

IMPROVEMENT shall mean all structures and appurtenances thereto of every type and kind, including but not limited to buildings, outbuildings, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning, solar equipment, antennas, satellite dishes, pools, recreational structures and fencing, light fixtures or structures, berms, enclosures, play structures, water softener fixtures or equipment.

LOT shall mean a portion of Elkhorn which is a legally described parcel of real property or is designated as a Lot on any recorded subdivision plat, whether or not improved, and may refer to any of the following: Residential Lot, Ranch Site or Commercial Site. Lot shall not include any Common Area, Recreational Area or Open Space Area. Further, Lot shall not include nonresidential real property currently owned by Sun Valley Water & Sewer District, Idaho Park Foundation, Idaho Power and garages that may be sold separately from a condominium or lot.

MANAGER shall mean the person, firm or corporation employed by the Master Association pursuant to and limited by Article VI, Section 6.05 E, and delegated the duties, powers or functions of the Association pursuant to said Section.

MASTER ASSOCIATION (hereinafter sometimes "Association") shall mean the Sun Valley Elkhorn Association, Inc., the nonprofit Idaho Corporation described in Article VI hereof, its successors and assigns.

MASTER DECLARATION (hereinafter sometimes "Declaration") shall mean this instrument as it may be amended from time to time.

MEMBER shall mean any person who is a member of the Master Association pursuant to Section 6.02 hereof.

MORTGAGE shall mean any mortgage or deed of trust or other conveyance of a Lot or other portion of Elkhorn to secure the performance of an obligation, which will be void and reconveyed upon the completion of such performance.

NOTICE AND HEARING shall mean no less than seven (7) days written notice and a public hearing before the Board or its duly designated committee at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense.

OPEN SPACE AREA shall mean all of the real property so classified in accordance with Section 2.02 hereof.

OWNER shall mean (1) the person or persons or other legal entity or entities, including Grantor, holding an aggregate fee simple interest in a Lot or Condominium, or, as the case may be, (2) the purchaser of a Lot or Condominium under an executory contract of sale. For the purposes of Article IV only, unless the context otherwise requires, Owner shall also include the family, invitees, licensees and lessees of any Owner.

PERSON shall mean a natural individual or any other entity with the legal right to hold title to real property.

RANCH SITE shall mean a Lot located within a Residential Area and designated in the Supplemental Declaration recorded in connection therewith as a Ranch Site, together with the Improvements, if any, thereon.

RECORD, RECORDED AND RECORDATION shall mean, with respect to any document, the recordation of such document in the office of the County Recorder of the County of Blaine, State of Idaho (which may also be referred to herein as file or filed).

RECREATIONAL AREA shall mean all of the real property so classified in accordance with Section 2.02 hereof.

RESIDENTIAL/COMMERCIAL AREA shall mean all of the real property so classified in accordance with Section 2.02 thereof.

RESIDENTIAL LOT shall mean a Lot located within a Residential Area and intended for improvement with a single residence, together with the Improvements, if any, thereon.

SUBASSOCIATION(s) shall mean any not-for-profit Idaho corporation or unincorporated association or the successors of any of them, organized and established by Grantor or its successors or by any Owner or group of Owners pursuant to or in connection with a Supplemental Declaration recorded by Grantor.

SUBDIVISION shall mean a parcel of real property, which has been divided or separated into Lots, shown on a recorded Subdivision Plat.

SUPPLEMENTAL DECLARATION shall mean any declaration of covenants, conditions and restrictions, which may be recorded, by Grantor or its successors, pursuant to Sections 2.01 and 2.02 of this Master Declaration.

TRACT shall mean any area of Elkhorn developed as an increment. A tract may consist of a Subdivision, or one or more Lots, whether or not shown as such on any Subdivision plat.

ARTICLE II

DEVELOPMENT OF ELKHORN; LAND CLASSIFICATION; ANNEXATION

SECTION 2.01 Subdivision and Development by Grantor. Grantor intends to divide some or all of Elkhorn and the property described in Exhibit "B" hereto and by this reference made a part hereof into several areas, to develop some or all of said areas and, at Grantor's option to dedicate some of said areas for recreational, open space, or other purposes for the benefit of the developed areas, in accordance with a master plan for the use of such property. It is contemplated that said area will be developed pursuant to such master plan, as it may from time to time be amended or modified, as a unified planned development community in which the development of, and restrictions upon, each portion thereof will benefit each other portion and the whole thereof. As each area is developed or dedicated, Grantor intends, with respect thereto, to record one or more Supplemental Declarations which will incorporate the Master Declaration therein by reference, which shall designate the use classification of that area pursuant to Section 2.02 and which may supplement the Master Declaration with additional covenants, conditions, and restrictions as Grantor may deem appropriate for the area. Thereafter, Grantor intends to lease or to sell and convey Lots (or Condominiums in the event such area is developed as a Condominium Project) in each area so developed, subject to both the Master Declaration and the Supplemental Declaration, if any, for that area.

SECTION 2.02 Land Classifications. All real property within Elkhorn shall be designated by Grantor as having one or more of the following use classifications:

- A. Residential Area (s)
- B. Commercial Area (s)
- C. Residential/Commercial Area (s)
- D. Recreational Area (s)
- E. Open Space Area (s)
- F. Elkhorn Area (s)

As the classification for each area of Elkhorn is designated, the use classification thereof, including any number of sub classifications for any specialized uses, shall (subject to the prior approval of any governmental agencies having jurisdiction thereof) be fixed by Grantor, in its sole and absolute discretion, in a Supplemental Declaration, which shall be recorded for that area. Such Supplemental Declaration may, but need not, provide for the establishment of a Sub-association to be comprised of Owners of Lots or Condominiums within the area subject thereto.

From and after the date of recordation of the Fourth Amendment to this Master Declaration, the Master Association shall have the right, power, and authority, with the consent of the owner of the subject property, to designate and fix the respective use classification of such property annexed pursuant to Section 2.03. The procedure to accomplish the use classification will be the procedure set forth in the paragraph immediately above with the exception that the Master Association, rather than the Grantor, will fix the classification in a Supplemental Declaration as described in such paragraph.

SECTION 2.03 Annexation. The Association, with the consent of the owner(s) of the subject property, may add any parcel of land described in Exhibit "B" to the property covered by this Declaration. Any action taken by the Association pursuant to the authority granted to it under this first paragraph of Section 2.03 shall include the preparation, execution and recording by the Association of a Supplemental Declaration with respect to the subject property, executed by the Association (in lieu of the Grantor) and the respective owner(s) and recorded by the Association.

If the owner(s) of the subject property or their predecessors and the Association have for three or more years treated a parcel of land described in Exhibit "B" as covered by this Declaration, but it is thereafter determined that there was a failure to comply with the time and/or documentation requirements set forth in the version of this Section 2.03 prior to the Fourth Amendment to this Declaration (the foregoing being considered a technical defect), then such failure or defect in such compliance may be remedied by the Association.

Any action taken by the Association pursuant to the authority granted it under this second paragraph of this Section 2.03 shall include the preparation and recording of a Supplemental Declaration with respect to the subject property executed and recorded by the Association (in lieu of the Grantor).

Upon the recording of a notice of addition of territory containing the provisions set forth herein (which notice may be contained within the Supplemental Declaration affecting such property), the covenants, conditions and restrictions contained in this Declaration shall apply to the added land in the same manner as if it were originally covered by this Declaration and originally constituted a portion of Elkhorn; and thereafter the rights, privileges, duties and liabilities of the parties to this Declaration with respect to the added land shall be the same as with respect to the original land and the rights, privileges, duties and liabilities of the Owners, lessees and occupants of Lots and Condominiums within the added land shall be the same as in the case of the original land. Notwithstanding the foregoing, any Supplemental Declaration may provide a special procedure for the amendment of any specified provisions thereof, e.g. by a specified vote of only the Owners of Lots or Condominiums within the area subject thereto. Any provision of a Supplemental Declaration for which no such special amendment procedure is provided shall be subject to amendment in the manner provided in Section 10.02 hereof.

A portion of the property described in Exhibit "B" is not presently owned by Grantor. Any portion of said property may be annexed to Elkhorn by Grantor in the manner provided herein as though it had been owned by Grantor at the time of the execution of this Declaration.

The notice of additional territory referred to herein shall contain the following provisions:

- A. A reference to this Declaration, which reference shall state the date of recordation hereof and the book or books of the records of Blaine County, Idaho, and the page numbers where this Declaration is recorded;
- B. A statement that the provisions of this Declaration shall apply to the added land as set forth herein; and
- C. An exact description of the added land.

ARTICLE III

GENERAL RESTRICTIONS

All real property within Elkhorn shall be held, used and enjoyed subject to the following limitations and restrictions:

SECTION 3.01 Antennas. No exterior radio or television antenna shall be erected or maintained in Elkhorn, without prior review and approval by the Design Committee.

SECTION 3.02 Insurance Rates. Nothing shall be done or kept in Elkhorn, which will increase the rate of insurance on any Association Property without the approval of the Board, nor shall anything be done or kept in Elkhorn which would result in the cancellation of insurance on any Association Property or which would be in violation of any law.

SECTION 3.03 No Further Subdividing. No Lot, Common Area or Condominium may be further subdivided, nor may any easement or other interest therein less than the whole be conveyed by the Owner thereof (including any Sub-association) without the prior written approval of the Design Committee; provided, however, that nothing herein shall be deemed to prevent or require the approval of the Design Committee for (1) the sale of Condominiums in any Condominium Project in compliance with the Condominium Property Act of Idaho, or (2) the transfer or sale of any Lot or Condominium to more than one person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property.

SECTION 3.04 Signs. No sign of any kind shall be displayed to the public view without the approval of the Design Committee. "For Sale" and "For Lease" signs may be displayed without Design Committee approval subject to the following requirements:

- A. The sign shall not be more than 18 inches by 24 inches in size, and the top of the sign shall not be more than 36 inches above the surface;
- B. Only one sign for each property is allowed;
 - C. The sign shall be placed on the property and not within public roads or rights of way;
 - D. Brochure holders and name tags outside the 18 inches by 24 inches size limitation are not allowed; and
 - E. Support posts other than commonly used angle iron immediately surrounding the sign are not allowed.

Design standards and restrictions of signs may be set by the Design Committee from time to time.

SECTION 3.05 Animals. No animals of any kind shall be raised, bred or kept, except that dogs, cats and other reasonable household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, and provided further than on any Lot of at least 3/4 acres designated as a Ranch Site, one horse shall be allowed and an additional horse for each 1/2 acre in excess of 3/4 acre up to a maximum of four horses may be kept on each such Lot, all subject to any further restrictions contained in any Supplemental Declaration affecting such Lot and such rules and limitations as may be set forth in the Elkhorn Rules.

SECTION 3.06 Nuisances. No rubbish, waste or debris of any kind shall be placed or permitted to accumulate upon any property within Elkhorn and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No noise, including but not limited to, noise created by people, animals, equipment and/or machinery or other nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any such property without the prior written approval of the Board, except within the Recreational, Commercial or Residential/Commercial Areas.

SECTION 3.07 Maintenance of Buildings and Landscaping. No Improvement upon any property within Elkhorn shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner (including any Sub-association) thereof. Any maintenance and/or repair of any Improvement shall not alter the appearance, color, etc. of said Improvement without prior review and approval of the Design Committee.

SECTION 3.08 Improvements and Alterations. There shall be no excavation or construction on, or alteration that in any way alters the exterior appearance of, any Lot or Improvement in Elkhorn, nor removal of any portion of any Lot or Improvement in Elkhorn without the prior approval of the Architectural Design Committee pursuant to Article VIII hereof. Should any Owner violate the foregoing or alter the exterior appearance of any Lot or Improvement in a manner that does not comply with plans and specifications that were approved by the Architectural Design Committee, the alleged violation will be presented to the Violation Hearing Board (as defined and described in any then current Resolution of the Association's Board of Directors). The Violation Hearing Board shall provide notice to the Owner of the subject Lot or Improvement of the alleged violation, conduct a hearing and, if it finds a violation, structure an appropriate remedy which, without limitation, may include requiring the Owner to change an existing structure or bring the Lot or Improvement into compliance with the foregoing requirements of this Section 3.08.

SECTION 3.09 Violation of Elkhorn Restrictions. There shall be no violation of the Master Declaration, the Articles, the Bylaws, the Elkhorn Rules, or the Elkhorn Restrictions. In addition to any other enforcement rights described in this Declaration or the Bylaws, or authorized by law, the Master Association may take any one or more of the following actions against any person or entity whose act or failure to act violates any of the foregoing:

- A. Collect, as liquidated damages and/or monetary assessments, including late charges and interest, the amounts set forth in Schedule A attached hereto as amended from time to time by resolution of the Board. The Board, the Master Association and the Owners acknowledge that, as of the effective date of the adoption of Schedule A, it is difficult to ascertain or estimate the actual damages resulting from any specific violation. The Board, the Master Association and the Owners further agree that the amounts set forth in Schedule A, as amended by the Board from time to time, are a reasonable forecast of compensatory damages to the Master Association in the case of a violation as long as they are no greater than the highest assessments which may be imposed by any condominium owners association operating within Elkhorn, and reasonably relate to the actual damage likely to be incurred by the Master Association, as determined from time to time by the Board in the exercise of its discretion. Under and by virtue of the Fourth Amendment to the Declaration, the Owners waive any argument or contention that the amounts set forth in Schedule A as liquidated damages, as amended by the Board from time to time, are unenforceable as a penalty or by reason of not having been negotiated by the parties;
- B. Suspend voting rights on any matter presented for a vote by Owners and reducing the number of votes required for passage with respect to such matter by the number of such Owners who are in violation;
- C. Suspend use privileges for the Common Area;
- D. Commence a legal action for actual damages, injunctive relief, or both.

The determination of whether to impose any of the foregoing sanctions shall be within the sole discretion of the Board. Before invoking any such sanction, the Board shall give such person or entity Notice and a Hearing. Any legal action may be brought in the name of the Master Association on its own behalf and on behalf of any Owner who consents. The prevailing party in any such action, shall be entitled to an award of its costs and reasonable attorneys' fees.

SECTION 3.10 Drainage. There shall be no interference with the established drainage pattern over any property within Elkhorn unless adequate provision is made for proper drainage and is approved by the Design Committee.

SECTION 3.11 Ski Facilities. No activity shall be undertaken by any person, other than the Board or other persons who have contracted or may contract with the Board on any portion of Elkhorn, which will interfere with or otherwise damage any surface or subsurface structures relating to, connected with or installed for purposes of construction or maintenance of ski facilities, including ski slopes and tows.

SECTION 3.12 No Hazardous Activities. No activities shall be conducted on any property and no Improvements constructed on any property, which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing no roofs or roof overhangs shall be constructed that are capable of discharging snow or other material into or on areas accessible by the public, no firearms shall be discharged upon any property except in portions of Recreational Areas designated for skeet shooting or rifle or pistol range purposes by the Board and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace or except such campfires or picnic fires in portions of Open Space or

Recreational Areas designated for such use by the Board, except such controlled and attended fires required for clearing or maintenance of land and previously approved in writing by the Board.

SECTION 3.13 Unsightly Articles. No unsightly articles shall be permitted to remain so as to be visible from adjoining property, and any screening, covering, etc., accomplished to meet the requirements of this section shall be done in colors, shades, sizes, etc., which are subdued and unobtrusive. Without limiting the generality of the foregoing, trailers, motor homes, trucks (other than pickups), boats, tractors, vehicles (other than automobiles), campers on or off a vehicle, snowmobiles, snow removal equipment, garden or maintenance equipment, camping and recreational equipment shall be kept at all times, in an enclosed structure or screened from view, except for nonresident and non-Elkhorn owner owned trailers, mobile homes and campers in actual recreational use by nonresidents and non-Elkhorn owners for a period not to exceed fourteen days in any thirty day period. All vehicles must be operational and must have current licenses displayed on the vehicle. Refuse, garbage and trash shall be kept at all times in a covered, noiseless container and any such container shall be kept within an enclosed structure or appropriately screened from view. Service areas and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view. No lumber, grass, shrub or tree clippings, compost piles or plant waste, metals, bulk materials, unused building material or refuse or trash or other materials shall be kept, stored or allowed to accumulate on any property except within an enclosed structure or appropriately screened from view. Firewood shall be screened from view or stored in a neat and orderly fashion.

SECTION 3.14 No Temporary Structures. No tent or shack or other temporary building, improvement or structure shall be placed upon any property, except that, subject to the Elkhorn Rules, tents may be used for overnight recreational camping on designated portions of Recreational or Open Space Areas and tents, shelters or other temporary structures may be erected and used for temporary non-camping purposes for people for special events for commercial purposes in Commercial or Commercial/Residential areas or for people for personal social events in Residential Areas. Prior to any tent, shelter or temporary structure of any nature and for any purpose being erected or constructed, application shall be made to and written approval obtained from the Design Committee authorizing the size, shape, color, location, purpose and duration of use of any tent, shelter, or temporary structure of any kind or nature. The Design Committee may, at their discretion and subject to the direction of the Board of Directors, adopt such rules and/or procedures as are necessary for the administration of this section.

SECTION 3.15 No Mining and Drilling. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel or earth, except that the Master Association may, by appropriate permit, grant, license or easement, allow the drilling of wells for the extraction of water.

SECTION 3.16 Vehicles. The use of all vehicles, including but not limited to trucks, automobiles, bicycles, motorcycles and snowmobiles, shall be subject to the Elkhorn Rules, which may prohibit or limit the use thereof within Elkhorn, provide parking regulations or adopt other rules regulating the same.

ARTICLE IV

PERMITTED USES AND RESTRICTIONS - RESIDENTIAL AREAS

SECTION 4.01 Residential and Residential Common Areas. All property within a Residential Area (including any Common Areas for the primary benefit of the Owners of Lots or Condominiums in such Residential Area) shall be improved and used solely for residential use. Such Common Areas may be owned in common by the Owners residing in such Residential Area or by a nonprofit corporation or unincorporated association in which all such Owners shall be entitled to membership. The Supplemental Declaration recorded for a Residential Area shall designate such area to be either a Single-Family Residential Area or a Multi-Family Residential Area, and may further designate such residential use for that area to be unconnected single-family residences, townhouses, Ranch Sites, a planned unit development, or any combination thereof in the case of a Single-Family Residential Area, or one or more apartment houses or Residential Condominium Projects in the case of a Multi-Family Residential Area.

SECTION 4.02 Improvements.

A. No Lot in a Single-Family Residential Area shall be improved except by a dwelling or residence structure (hereinafter "residence") designed to accommodate no more than a single family and its servants and occasional guests, plus a garage, fencing and such other Improvements as are necessary or customarily incident to a single-family residence, except that on any such lot designated as a Ranch Site corrals, stables and other outbuildings incidental to residential ranch use, including but not limited to, guest houses, servants' quarters, barns and stables may be erected if permitted by the respective Supplemental Declaration and architecturally approved by the Architectural Design Committee.

B. No Lot in a Multi-Family Residential Area shall be improved except by an apartment house or Residential Condominium Project, except that upon the termination of any Condominium Project, the area subject thereto may be used for any other Condominium Project, an apartment house or for single-family residential purposes, subject to all provisions of the Elkhorn Restrictions.

SECTION 4.03A Residential Use. No residence shall be used for any purpose other than single-family residential purposes; provided, however, a home office is permitted entirely within a residence conducted by members of immediate family as long as there is no outward indication the residence is used as a business and the business activity is unobtrusive. No customers, clients or employees may come to the residence.

SECTION 4.03B Rentals. Nothing in this Declaration shall prevent the rental of property within a Residential Area by the Owner thereof for residential purposes, on either a short or long-term basis (including overnight rentals), subject to all the provisions of the Elkhorn Restrictions. The rental of single-family residences shall be restricted to single families defined as those related by blood, marriage or adoption, or as being no more than four unrelated persons and occasional guests. Such rentals shall be deemed a Residential Use. No residence or any building, garage or structure located in a residential or other noncommercial area shall be used for commercial dormitory or other nonresidential storage purposes.

ARTICLE V

PERMITTED USES AND RESTRICTIONS - OTHER AREAS

SECTION 5.01 Commercial Areas. The permitted uses and restrictions for Commercial Areas and the restrictions governing the construction and alteration of Improvements thereon shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations which may be recorded with respect to such Areas. All of such permitted uses and restrictions shall be compatible with the furnishing of goods or services, whether or not for profit, and with the restrictions contained in Article III hereof, and may include (without limitation), stores, restaurants, hospitals, schools, community centers, fire stations, or other such facilities of a public or quasi-public nature, as well as areas for public or private utility use such as pumping stations or maintenance stations for the use of Grantor or others in rendering services to Elkhorn.

SECTION 5.02 Residential/Commercial Areas. The permitted uses and restrictions for Residential/Commercial Areas, and the restrictions governing the construction and alteration of Improvements thereon, shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations, which may be recorded with respect to such Areas. All of such permitted uses and restrictions shall be compatible with the use of the area for purposes permitted in Residential Areas and/or purposes permitted in Commercial Areas, and with the restrictions contained in Article III hereof.

SECTION 5.03 Recreational Areas. The permitted uses and restrictions for Recreational Areas, and the restrictions governing the construction and alteration of Improvements thereon, shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations, which may be recorded with respect to such Areas. All of such permitted uses and restrictions shall be compatible with the use of such areas for skiing, tennis, golf, swimming, ice skating, camping, bicycling, horse and hiking trails, skeet shooting or pistol or rifle ranges, or other recreational uses, including incidental commercial uses such as

but not limited to "pro shops," athletic equipment rental offices, stables and the like. Bridges, streets, highways, ponds or waterways, public or private utilities and restroom facilities may be constructed and maintained on, through, under or across any Recreational Area.

SECTION 5.04 Open Space Areas. The permitted uses and restrictions for Open Space Areas, and the restrictions governing the construction and alteration of Improvements thereon, shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations, which may be recorded with respect to such Areas. All of such permitted uses and restrictions shall be compatible with hiking, bicycling, horseback riding, camping, parks and similar recreational uses not requiring that structures be placed or maintained thereon, or such areas may be maintained in a natural, semi natural or landscaped state. However, bridges, streets, highways, ponds or waterways, public or private utilities and restroom facilities may be constructed and maintained on, through, under or across any Open Space Area.

SECTION 5.05 Elkhorn Area. The permitted uses and restrictions for the Elkhorn Area, and the restrictions governing the construction and alteration of Improvements thereon, shall be fixed by Grantor, in its sole and absolute discretion, in the Supplemental Declarations, which may be recorded with respect to such Areas. Portions of the Elkhorn Area may be used for roads, public or private utilities, or for slope maintenance or other uses which provide common benefit for the Owners of Elkhorn. The location of any real property or the possibility that it would be used by certain of the Owners more frequently, or be of more benefit to certain of the Owners, shall not prevent an area from being classified as being part of the Elkhorn Area, provided that no Owners of Elkhorn are excluded there from.

ARTICLE VI

SUN VALLEY ELKHORN ASSOCIATION, INC.

SECTION 6.01 Organization.

A. Master Association. The Master Association is a nonprofit Idaho Corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Master Declaration. Neither the Articles nor Bylaws, shall, for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration.

B. Sub-associations. Nothing in this Master Declaration shall prevent the creation, by provision therefore in Supplemental Declarations, for Sub-associations to assess, regulate, maintain or manage the portions of Elkhorn subject to such Supplemental Declaration, or to own or control portions thereof for the common use or benefit of the Owners of Lots or Condominiums in the portion of Elkhorn subject to such Supplemental Declaration.

SECTION 6.02 Membership

A. Qualifications. Each Owner (including Grantor) of a Lot or Condominium, by virtue of being such an Owner and for so long as he is such an Owner, shall be deemed a member of the Master Association.

B. Transfer of Membership. The Master Association membership of each Owner (including Grantor) shall be appurtenant to said Lot or Condominium and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said Lot or Condominium, and then only to the transferee of title to said Lot or Condominium. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said Lot or Condominium shall operate automatically to transfer said membership to the new owner thereof.

SECTION 6.03

Voting

A. Number of Votes. The Master Association shall have two classes of voting membership.

Class A. Class A members shall originally be all Owners with the exception of Grantor, and shall be entitled to one vote for each Lot and/or Condominium owned. Grantor shall become a Class A member with regard to Lots or Condominiums owned by Grantor in a particular Tract or Condominium Project upon the conversion of Grantor's Class B membership to Class A membership with regard to that Tract or Condominium Project as provided herein below. The Owner of each Lot or Condominium in Elkhorn may, by notice to the Association, designate a person (who need not be an Owner) to exercise the vote for such Lot or Condominium. Said designation shall be revocable at any time by notice to the Association by the Owner. Such powers of designation and revocation may be exercised by the guardian of an Owner's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of an Owner's estate, by his executor or administrator where the latter's interest in said property is subject to administration in his estate.

Class B. The Class B member shall be Grantor. Upon the first sale of a Lot or Condominium to an owner in each Tract or Condominium Project, Grantor shall thereupon be entitled to three votes for each Lot in that tract or each Condominium in that Condominium Project owned by Grantor. As to each Tract and Condominium Project, the Class B membership shall cease as to that Tract or Condominium Project and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (1) When the total votes outstanding in the Class A membership for that Tract or Condominium Project equal the total votes outstanding in the Class B membership for that Tract or Condominium Project, or
- (2) Two years from the date of the issuance of the most recent Public Report by the California Commissioner of Real Estate for a Tract or Condominium Project within Elkhorn (but only if such a Public Report has ever been issued), otherwise this subparagraph (2) shall not apply, or
- (3) Five years from the first sale to an Owner of a Lot or Condominium in that Tract or Condominium Project to an Owner.

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

C. Meetings of Owners. There shall be a meeting of the Owners on the 30th day of December of each year at 4:00 o'clock P.M. at Elkhorn, or at such other reasonable place or time (not more than thirty days before or after such date) as may be designated by notice of the Board given to the Owners not less than seven nor more than sixty days prior to the date fixed for said meeting. A special meeting of the Owners may be called at any reasonable time and place by notice of the Board or by the Owners having one-fifth of the total votes and delivered to all other Owners not less than fifteen days prior to the date fixed for said meeting. The presence at any meeting, in person or by proxy, of the Owners entitled to vote at least a majority of the total votes shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Owners present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than forty-eight hours nor more than thirty days from the time the original meeting was called, at which meeting the quorum requirement shall be the Owners

entitled to vote at least twenty-five percent of the total votes. The president of the Association (or the vice president in his absence) shall act as chairman of all meetings of the Owners and the secretary of the Association (or an assistant secretary thereof in his absence) shall act as secretary of all such meetings. Except as otherwise provided herein, any action may be taken at any meeting of the Owners upon the affirmative vote of the owners having a majority of the total votes present at such meeting in person or by proxy; provided, however, that the members of the Board shall be elected by cumulative voting as provided in Section 6.03D. At each annual meeting, the Board shall present a written statement of the Elkhorn Maintenance Fund, itemizing receipts and disbursements for the preceding calendar year and the allocation thereof to each Owner. Within ten days after the date set for each annual meeting, the assessment statement shall be delivered to the Owners not present at said meeting.

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

E. Transfer of Voting Right. The right to vote may not be severed or separated from the ownership of the Lot or Condominium to which it is appurtenant, except that any Owner may give a revocable proxy, or may assign his right to vote for the term of a lease or Deed of Trust, and any sale, transfer or conveyance of such Lot or Condominium to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new owner, subject to an assignment of the right to vote to a lessee or Beneficiary as provided herein.

SECTION 6.04 Duties of the Master Association.

The Master Association shall have the obligation, subject to and in accordance with the Elkhorn Restrictions, to perform each of the following duties for the benefit of the Owners of each Lot and Condominium within Elkhorn:

A. Association Property. To accept and exercise jurisdiction over all property, real and personal, conveyed free and clear of all liens and encumbrances to the Master Association by Grantor, including (1) Elkhorn, Open Space and Recreational Areas, (2) easements for operation and maintenance purposes over any Elkhorn, Open Space or Recreational Areas, and (3) easements for the benefit of Master Association Members within the Elkhorn, Open Space or Recreational Areas.

B. Title to Property upon Dissolution. To convey, upon dissolution of the Master Association, the assets of the Master Association to an appropriate public agency or agencies to be used for purposes similar to those for which the Master Association was created, or to a nonprofit corporation, association, trust or other organization organized and operated for such similar purposes.

C. Operation of Elkhorn Recreational Areas. To operate and maintain, or provide for the operation and maintenance of (1) all Elkhorn, Open Space and Recreational Areas which may be conveyed to it by Grantor, (2) all Elkhorn, Open Space and Recreational Areas within Elkhorn in which it owns easements for operation and maintenance purposes, and (3) all Elkhorn, Open Space and Recreational Areas within Elkhorn in which it owns easements for the benefit of Master Association Members; and to keep all Improvements of whatever kind and for whatever purpose from time to time located thereon in good order and repair.

D. Payment of Taxes. To pay all real property taxes and assessments levied upon any property conveyed, leased or otherwise transferred to the Master Association to the extent not assessed to the Owners thereof. Such taxes and assessments may be contested or compromised by the Master Association; provided, however, that they are paid or a bond insuring the payment is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes.

E. Insurance. To obtain and maintain in force the following policies of insurance;

(1) Fire and extended coverage insurance on all Improvements under the control of the Master Association, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement value exclusive of the cost of excavations, foundations and footings. Such insurance shall insure the Association and its mortgagee, as their interests may appear. As to each such policy, which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Manager, the Grantor and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

(2) Bodily injury liability insurance, with limits of not less than \$100,000 per person and \$300,000 per occurrence, and property damage liability insurance with a deductible of not more than the deductible as set by the Board from time to time and a limit of not less than \$50,000 per occurrence, insuring against liability for bodily injury, death and property damage arising from the activities of the Master Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured.

(3) Worker's compensation insurance to the extent necessary to comply with any applicable laws.

(4) A fidelity bond in the penal amount of Twenty-Five Thousand Dollars (\$25,000) or more, naming the members of the Board and the Manager, and such other persons as may be designated by the Board, as principals and the Association as obligee.

(5) Such other insurance, including indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Master Association functions as set forth in the Elkhorn Restrictions, the Articles and the Bylaws.

The liability insurance referred to above shall name as separately protected insured's, the Master Association, the Board, the Design Committee, and their representatives, members and employees, with respect to any liability arising out of the maintenance or use of any Association Property. Every policy of insurance obtained by the Master Association shall contain an express waiver, if available, of any and all rights of subrogation against the Board, the Design Committee, and their representatives, members and employees.

Said fire and liability insurance policies may be blanket policies covering the Association properties and property of Grantor, in which case the Association and Grantor shall each pay their proportionate shares of the premium. With respect to insurance proceeds from the Association Property only, the Association shall be deemed trustee of the interests of all Owners in any insurance proceeds paid to it under any such policies, and shall have full power to receive and to receipt for their interests in such proceeds and to deal therewith.

F. Rule Making. To make, establish, promulgate, amend and repeal the Elkhorn Rules as provided in Section 6.06 hereof.

G. Architectural Design Committee. To appoint and remove members of the Architectural Design Committee as provided in Section 8.02 hereof, and to insure that at all reasonable times there is available a duly constituted and appointed Architectural Design Committee.

H. Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by the Elkhorn Restrictions, as may be reasonably necessary to enforce any of the provisions of the Elkhorn Restrictions and the Architectural Design Committee Rules.

I. Other. To carry out the duties of the Master Association set forth in the Elkhorn Restrictions, the Articles and the Bylaws.

J. Contracts. Neither Grantor nor any agent of Grantor shall enter into any contract, which would bind the Master Association or the Board thereof for a period in excess of one year, unless reasonable cancellation provisions are included in such contract.

K. Audit. The Board shall provide for an annual independent audit of the accounts of the Manager and Association and for delivery of a copy of such audit to each Owner within thirty (30) days after completion thereof. Any Owner may at any time and at his own expense cause an audit or inspection to be made of the books and records of the Manager or the Association by a Certified Public Accountant; provided that such audit or inspection is made during normal working hours and without unnecessary interference with the operations of the Manager or the Association.

L. Maintenance of Parking Facilities. To maintain and repair parking facilities, including sidewalks, landscaping, and other incidental amenities thereto, for any Commercial or Residential/Commercial Area, provided that under the provisions of a Supplemental Declaration or separate agreement the persons subject, or party, to such Declaration or Agreement (hereinafter the "Sponsors") have agreed to bear the entire cost of such maintenance and repairs; to maintain liability insurance in amounts deemed appropriate by the Board, covering such parking facilities and the operation thereof, and naming as insured the Master Association and the Sponsors; to adopt an annual budget to cover the cost of such maintenance and repairs, including legal and accounting fees and cost of insurance; to levy and enforce, by lien or otherwise, assessments against such Sponsors in the manner set forth in Article IX hereof (except as such manner may be modified by such Declaration or Agreement); and to accept and hold title to such facilities if the same is tendered to the Master Association.

In no event shall such costs become a charge against the members of the Master Association (other than the Sponsors) or the Association Properties.

SECTION 6.05 Powers and Authority of the Association.

A. Assessments. To levy Assessments on the Owners of Lots and Condominiums within Elkhorn, and to enforce payment of such Assessments in accordance with the provisions of Article IX hereof.

B. Right of Entry and Enforcement. After twenty-four (24) hours written notice, or in an emergency or after Notice and Hearing, to enter, without being liable to any Owner or Subassociation, upon any Lot or Condominium or commercial unit or any property owned or controlled by Subassociation for the purpose of enforcing by peaceful means the Elkhorn Restrictions, or for the purpose of maintaining or repairing any such area if for any reason whatsoever the Owner thereof fails to maintain or repair any such area as required by said Restrictions, and to be reimbursed by the Owner of said Lot, Condominium or Subassociation property for any and all expenses incurred in maintaining or repairing said Lot, Condominium or Subassociation property including interest on monies expended and attorney's fees. The Master Association shall also have the power and authority from time to time in its own name on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Elkhorn Restrictions and to enforce, by mandatory injunctions or otherwise all of the provisions of said Restrictions.

C. Easements and Rights-of-Way. To grant and convey to any person easements, rights-of-way, parcels or strips of land, in, on, over or under any Association Property for the purpose of constructing, erecting, operating or maintaining thereon, therein and there under, (1) roads, streets, walks, driveways, parkways, and park areas, (2) overhead or underground lines, cables, and wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, telephone and other purposes, (3) sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and (4) any similar public or quasi-public improvements or facilities.

D. Repair and Maintenance of Association Property. To paint, maintain, provide snow removal service for, and repair the Association Property and all Improvements thereto; provided, however, that the Association shall have no responsibility to provide the services referred to in this paragraph with respect to any building in any Subassociation Common Area. Such responsibility shall be that of the Subassociation concerned.

E. Manager. To retain and pay for the services of a person or firm to manage the Association Properties (the "Manager") to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the Association Properties or the conduct of the business of the Master Association, whether such personnel are employed directly by the Association or are furnished by the Manager. The Association and the Board may delegate any of their duties, powers or functions to the Manager, provided that any such delegation shall be revocable upon notice by the Association or Board. The Owners release the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function as delegated.

F. Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association Properties, enforcement of the Elkhorn Restrictions, or in performing any of the other duties or rights of the Master Association.

G. Association Property Services. To pay for water, sewer, garbage, electrical, telephone, gas, maintenance, snow removal and gardening services, and other necessary utility or other services for the Association Properties.

H. Other Areas. To maintain (including snow removal) and repair slope easements, ponds, roads, roadways, roadway rights-of-ways, parkways and highway median strips, entry details, guardhouses, or other areas of Elkhorn not maintained by governmental entities, to the extent deemed advisable by the Board, and at the Board's election, slope easements not a part of the Association Properties and the front yard area within a Condominium Project if contiguous to the Association Properties.

I. Recreational Facilities. To maintain and repair, to the extent deemed advisable by the Board, all ski facilities, including slopes and tows and all other Improvements relating to such facilities (except those ski facilities and tows which are owned by Sun Valley Company, Inc., which has retained an easement) and golf course and related facilities, tennis facilities, swimming pool, ice rink, bicycle, horse and hiking trails, or other recreational or similar Association Property.

J. Transportation. To establish, maintain and operate any bus, vehicle and other shuttle service or transportation system deemed advisable, including without limitation transportation to and from Elkhorn and Sun Valley Village, any ski areas, and other recreational or commercial locations.

K. Other Services and Properties. To obtain or pay for, as the case may be, any other property, services, taxes or assessments which the Association or the Board is required to secure or pay for pursuant to the terms of these Restrictions or the Bylaws, including security services for the Association Properties or for Elkhorn generally, or which in its opinion shall be necessary or proper for the operation of the Association Property.

L. Collections for Subassociation. To collect on behalf and for the account of any Subassociation (but not levy) any Assessment, as provided in this Master Declaration, upon the Owner of any Lot or Condominium subject to the jurisdiction of such Subassociation, provided that such Subassociation has delegated the right, authority and power to the Master Association to make such collections on its behalf.

M. Construction and Association Property. The Association may, with the approval of the Architectural Design Committee, construct new Improvements or additions to the Association Properties or demolish existing Improvements; provided that in the case of any Improvements, additions or demolition (other than maintenance or repairs to existing Improvements) involving a total

expenditure in excess of One Hundred Thousand Dollars (\$100,000) the consent of fifty-one percent (51%) of the voting power of the members voting in person or by proxy at a regular or special meeting called for that purpose shall first be obtained. The Association shall levy a special Assessment on all Owners for the cost of such work.

N. Conveyance of Association Property. The Association may not convey, transfer or encumber Association property except in the following cases:

- (1) The value of the real property or encumbrance is \$25,000 or less, and the acreage is 5 acres or less, or
- (2) The value of the amenity is \$10,000 or less, or
- (3) Association real property is exchanged for like real property in size and value within or contiguous to Elkhorn.

In all other cases, the consent of fifty-one percent (51%) of the voting power of the members voting in person or by proxy at a regular or special meeting called for that purpose shall first be obtained.

SECTION 6.06 Rules. The Board may adopt such rules as it deems proper for the use, operation and occupancy of all property located in Elkhorn. A copy of said Rules, as they may from time to time be adopted, amended or repealed, may but need not be mailed or otherwise delivered to each Owner, or recorded. Upon such mailing, delivery or recordation, said Rules shall have the same force and effect as if they were set forth in and were a part of the Elkhorn Restrictions. In addition, as to any Owner having actual knowledge of any given Rules, such Rules shall have the same full force and effect and may be enforced against such Owner.

SECTION 6.07 Liability of Board Members and Manager. Neither any member of the Board of Directors, officers, committee members nor the Manager shall be personally liable to Sun Valley Elkhorn Association, Inc., any Owner, or any third party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Master Association, Sun Valley Elkhorn Association, Inc., the Board or any individual director of Sun Valley Elkhorn Association, Inc., its officers, its Manager, or any other representative or employee of the Master Association, or the Architectural Design Committee, provided that such director, officer, Manager or other person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association.

Sun Valley Elkhorn Association, Inc., shall indemnify any director, officer, committee member or Manager who was or is a party or is threatened to be made a party to any threatened or pending action or proceeding, whether civil, criminal, or investigative by reason of the fact that he or she is or was a director, officer, committee member or Manager against expenses (including attorney fees), fines and amounts paid in settlement (as well as judgments should the preceding paragraph be inapplicable or for any reason unenforceable), actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Further, Sun Valley Elkhorn Association, Inc., at its cost and expense, shall obtain and maintain Directors' and Officers' liability insurance in full force and effect with coverage of at least Two Million Dollars (\$2,000,000) for all Sun Valley Elkhorn Association, Inc., directors, officers, committee members and its Manager for any and all errors and/or omissions that occur during their tenure in office or employment.

SECTION 6.08 Amendment. The provisions of Sections 6.01, 6.02 and 6.03 hereof shall not be amended without the vote or written consent of the Owners of not less than eighty percent (80%) of the combined total number of Lots and Condominiums then within Elkhorn, plus, until Completion, the written consent thereto of Grantor.

SECTION 6.09 Taxes. Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment of each Lot and Condominium. If any taxes or assessments may, in the opinion of the Association, nevertheless be a lien on more than one Lot or Condominium not under common ownership, or any part thereof, they may be paid by the Master Association, and each Owner shall be obligated to pay, or to reimburse the Master Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against his own Lot or Condominium and interest, if any in the Association Properties.

ARTICLE VII

ASSOCIATION PROPERTIES

SECTION 7.01 Use. Each Owner of a Lot or Condominium, his family, licensees, invitees and lessees, or contract purchasers who reside on the property, shall be entitled to use the Association Properties subject to:

A. The provisions of the Articles of Incorporation, Bylaws, and Elkhorn Restrictions. Each Owner agrees that in using the Association Properties he will comply with the provisions of such Articles, Bylaws and Elkhorn Restrictions, including the Elkhorn Rules;

B. The right of the Master Association to charge reasonable admission and other fees for the use of any recreational facility situated upon Association Property;

C. The right of the Master Association to suspend the right to use of the Association Property by an Owner for any period during which any Assessment against his Lot or Condominium remains unpaid; and, after Notice and Hearing by the Board, for a period not to exceed one year for any infraction of the Elkhorn Restrictions;

D. The right of the Master Association to dedicate or transfer all or any part of the Association Properties to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Board;

E. The right of the Master Association to allow the general public, or certain portions thereof, to use any recreational facility situated upon Association Property and, in the discretion of the Board, to charge admission fees therefore.

SECTION 7.02 Damages. Each Owner shall be liable to the Master Association for any damage to Association Property, which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family and guests, both minor and adult. In the case of joint ownership of a Lot or Condominium, the liability of such Owners shall be joint and several, except to the extent that the Master Association has previously contracted in writing with such joint owners to the contrary. The amount of such damage shall be an Assessment against the Lot or Condominium and may be collected as provided herein for the collection of other assessments.

SECTION 7.03 Damage and Destruction. In the case of damage by fire or other casualty to the Association Property:

A. Destruction-Insurance Proceeds. If insurance proceeds do not exceed the sum of Twenty-five Thousand Dollars (\$25,000), and the cost of repairing or rebuilding does not exceed the amount of available insurance proceeds by more than \$5,000 such insurance proceeds shall be paid to the Master Association, which thereupon shall contract to repair or rebuild all the Association Property so

damaged; and if the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding the damage, the Association shall levy a special Assessment on all Owners to make good any deficiency.

B. Reconstruction. If insurance proceeds exceed Twenty-five Thousand Dollars (\$25,000) or the cost of repairing or rebuilding exceeds available insurance proceeds by more than Five Thousand Dollars (\$5,000), then:

(1) The insurance proceeds arising out of damages in each project affected shall be paid to First Security Bank of Idaho or to such bank or other trust company as may be designated by the Board, to be held in separate trusts for the benefit of the Owners and their Beneficiaries, as their respective interest shall appear. The Association is authorized to enter, on behalf of the Owners, into an agreement with such insurance trustee relating to its powers, duties and compensation, on such terms as the Board may approve consistent herewith.

(2) The Association shall obtain firm bids from two or more responsible contractors to rebuild any portions of the Association Property in accordance with the original plans and specifications with respect thereto and shall, as soon as possible thereafter, call a special meeting of the Owners to consider such bids. At such special meeting, the Owners may by three-fourths (3/4) of the votes cast elect to reject such bids and thus not to rebuild. Failure to thus reject such bids shall be deemed acceptance of such bid as may be selected by the Board of Directors.

(3) If a bid is accepted, the Association shall levy a special Assessment or special Assessments on the Owners to make up the deficiency between the total insurance proceeds and the contract price of repairing or rebuilding the damaged portions of the Association Properties and such Assessment or Assessments and all insurance proceeds, whether or not subject to liens or Mortgagees, shall be paid to said insurance trustee to be used for such rebuilding. If two or more Assessments are levied, such Assessments may be made due on such dates as the Association may designate over a period not to exceed twenty years and the Association may borrow money to pay the aforesaid deficiency, and may secure such borrowing by an assignment of its right to collect such Assessments, or by a pledge of any personal property held by it in trust for the Owners, or by both.

(4) If the Owners elect not to rebuild, the proceeds shall be retained by the Master Association for use in performing its functions under the Elkhorn Restrictions.

ARTICLE VIII

ARCHITECTURAL DESIGN COMMITTEE

SECTION 8.01 **Members of Committee.** The Architectural Design Committee, sometimes referred to in the Master Declaration as "Design Committee" or "Committee," shall consist of at least five (5) members but no more than fifteen (15) members. Members shall be appointed to the Committee by the Board and shall serve until such time as the respective member has resigned or is removed or until his or her term has expired, if any term was prescribed. Members of the Committee may be removed by the Board at any time with or without cause.

SECTION 8.02 **Review of Proposed Construction or Alteration.** The Committee shall consider and act upon any and all proposals or plans and specifications for actions to be taken pursuant to Article III, hereof, and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. The Committee shall approve proposals or plans and specifications only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or Elkhorn as a whole, and that the appearance of the Improvement will be in harmony with the surrounding Improvements. The Committee may condition its approval of proposals or plans and specifications on such changes therein as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may adopt rules or guidelines setting forth procedures for the submission of

plans for approval, and factors, which it will take into consideration in reviewing submissions. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, landscape plans, drainage plans, elevation drawings and description or samples of exterior material and colors. The Committee may also require certain inspections and/or that any construction, alteration or addition be completed within certain time limits. Until receipt by the committee of required plans, samples, and/or specifications, fees, and certification that all regular and special Assessments are paid in full or until successful completion of any required inspection, or after passage of the allowed time for construction, or at any point where construction, alteration or additions are not performed according to approved plans, the Committee may postpone review of any plan submitted for approval, and/or prohibit any or further construction, alterations or additions and/or levy a fine and/or suspend the rights of the owner involved or his relatives, guests, licensees or invitees to use Association Properties pursuant to Article III, Section 3.09, after Notice and Hearing. The Committee may charge various fees, which shall be set from time to time by the Board, for the review and inspection process.

SECTION 8.03 Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of a variance pursuant to Section 8.08. In the absence of such designation, the vote of a majority of the members present at a duly constituted meeting attended by at least three (3) members, or the written consent of two thirds of the members of the Committee obtained without a meeting, shall constitute an act of the Committee.

SECTION 8.04 No Waiver of Future Approvals. The approval by the Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matter whatever subsequently or additionally submitted for approval or consent.

SECTION 8.05 Compensation of Members. The members of the Committee shall be entitled to reasonable compensation from the Association for services rendered, together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation shall be set by the Board from time to time.

SECTION 8.06 Final Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

A. Upon the completion of any work for which approved plans are required under this Article VIII, the Owner shall give written notice of completion to the Design Committee.

B. Within sixty days thereafter, the Architectural Committee or its duly authorized representative shall inspect such Improvement. If the Design Committee finds that work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such sixty-day period, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

C. If upon the expiration of thirty days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Design Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than thirty days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance, and the Owner shall reimburse the Master Association, upon demand, for all expenses, including interest on monies expended and attorney's fees, incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Master Association, the Board shall levy an Assessment against such Owner for reimbursement pursuant to Article VI, Section 6.05 and Article IX hereof.

D. If for any reason the Design Committee fails to notify the Owner of any noncompliance within sixty days after receipt of said written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with said approved plans.

SECTION 8.07 Non-liability of Committee Members. Neither the Committee nor any member thereof shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder; unless due to the willful misconduct or bad faith of the Committee. The Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and Elkhorn generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

SECTION 8.08 Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any Supplemental Declaration, including restrictions upon height, size, floor area, or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, and must be signed by at least three members of the Committee. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance. A copy of the variance request and approval, or denial, will be kept on file at the Master Association Offices.

ARTICLE IX

FUNDS AND ASSESSMENTS

SECTION 9.01 Elkhorn Maintenance Fund. The Board shall establish a fund (the "Elkhorn Maintenance Fund") into which shall be deposited all moneys paid to the Master Association and from which disbursements shall be made in performing the functions of the Master Association under the Elkhorn Restrictions. Funds of the Master Association must be used solely for purposes related to those areas and Improvements owned by the Master Association or subject by this Declaration to maintenance and Assessment or for purposes authorized by this Declaration as it may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment of other maintenance funds by any Sub-association pursuant to any Supplemental Declaration.

SECTION 9.02 Yearly Estimates of Assessments. At least thirty days prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Master Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund). A sum sufficient to pay such estimated net charges will be assessed to the Owner of each Lot and Condominium in Elkhorn in an equal amount. If said sum estimated proves inadequate for any reason, including nonpayment of any Owner's Assessment, the Association may, at any time, levy a further Assessment, which shall be assessed equally upon the Owner of each Lot and Condominium.

SECTION 9.03 Payment of Assessments. All Assessments shall be due and payable to the Master Association by the assessed Owners (including Grantor) during the fiscal year in equal monthly installments, on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

SECTION 9.04 Amendments. Amendments to this Article IX (but not including amendments to sections of other Articles which are referred to in this Article or which relate to this Article) shall only be effective upon written consent of seventy-five percent (75%) of the Owners in Elkhorn.

SECTION 9.05 Late Charges. If any Assessment, whether regular or special, assessed to any Owner is not paid within thirty (30) days after it is due, the Owner may be required by the Board to pay a late charge of eight percent (8%) of the amount of the Assessment or such other amount as the Board may designate from time to time as set forth in the Elkhorn Rules.

SECTION 9.06 Unpaid Assessments as Liens. The amount of any Assessment, whether regular or special, assessed to any Owner and any late payment charge attributable thereto, plus interest on such Assessment and charge at a rate of eight percent (8%) per annum simple interest (or such other rate as the Board may designate from time to time as set forth in the Elkhorn Rules), and costs, including reasonable attorneys' fees, shall become a lien upon such Lot or Condominium upon recordation of a Notice of Assessment Lien stating the amount of the claim of delinquency, the interest and costs which have accrued thereon, the legal description and street address of the Lot or Condominium against which it has been assessed, and the name of the record Owner thereof. Such notice shall be signed and acknowledged by an officer of the Association. Upon recordation it shall create a lien upon the Lot or Condominium described in the amount set forth. Such Assessment lien shall be prior to any declaration of homestead recorded after the recording of this Master Declaration. The lien shall continue until fully paid or otherwise satisfied. When the lien has been fully paid or satisfied, a further notice releasing the lien shall be recorded. Such lien may be foreclosed in the same manner as provided in the laws of the State of Idaho for the foreclosure of liens on real property or with respect to a lien against a Condominium as provided in Section 55-1518 of the Code of Idaho and as otherwise provided by law. A certificate executed and acknowledged by any two members of the Board stating the indebtedness secured by the liens upon any Lot or Condominium created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10). Liens established pursuant hereto shall be junior to any liens established by any Sub-association.

SECTION 9.07 Mortgage Protection. Notwithstanding all other provisions hereof, no lien created under this Article IX nor any breach of the Elkhorn Restrictions, nor the enforcement of any provision hereof or of any Supplemental Declaration hereto shall defeat or render invalid the rights of the Beneficiary under any recorded Deed of Trust upon a Lot or Condominium made in good faith and for value, provided that after the foreclosure of any such Deed of Trust or conveyance of any Lot or Condominium to such Beneficiary by deed in lieu of foreclosure, such Lot or Condominium shall remain subject to the Elkhorn Restrictions and the amount of all regular Assessments and all special Assessments to the extent they relate to expenses incurred subsequent to such foreclosure shall be assessed hereunder to the purchaser at such foreclosure sale.

SECTION 9.08 Notice of Recording Mortgages. No amendment to this Article IX of this Master Declaration shall affect the rights of any Beneficiary who does not join in the execution thereof; provided that his Mortgage is recorded prior to the recordation of such amendment.

SECTION 9.09 Subordination. By subordination agreement executed by the Association, the benefits of Section 9.07 and 9.08 above may be extended to Beneficiaries not otherwise entitled thereto.

ARTICLE X

MISCELLANEOUS

SECTION 10.01 **Term.** The covenants, conditions and restrictions of this Master Declaration shall run until December 31, 2020, unless amended as herein provided. After December 31, 2020, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten years each, unless amended or extinguished by a written instrument executed by at least three-fourths of the Owners in Elkhorn, and such written instrument is recorded with the Blaine County Recorder.

SECTION 10.02 **Amendment.**

A. By Grantor. Until Completion and except as provided in Section 2.03, Section 6.08 and Section 9.04, the provisions of this Declaration, other than this Article, may be amended only by Grantor; provided, however, that no such amendment (unless required by the California Commissioner of Real Estate as provided below) shall be effective without Notice and Hearing and if fifty-one percent (51%) of the Owners (other than Grantor), by written notice delivered to the Board, object to any such proposed amendments within fifteen days after such Hearing, such amendment shall not be effective. Any amendment hereunder shall be effective only upon recordation with the Blaine County Recorder of:

(1) An instrument in writing signed and acknowledge by Grantor setting forth the amendment; and

(2) An instrument in writing signed and acknowledged by the president and secretary of the Association certifying that within fifteen days after required Hearing, the Board has not received written objections to such amendment by fifty-one percent (51%) of the Owners.

Notwithstanding the above, any amendment required by the California Commissioner of Real Estate not in conflict with the laws of the State of Idaho shall not require a notice or hearing and shall be effective upon recordation with the Blaine County Recorder.

(1) An instrument in writing signed and acknowledged by Grantor setting forth the amendment; and

(2) An instrument in writing signed and acknowledged by the president and secretary of the Association certifying that such amendment is required by the California Commissioner of Real Estate as a condition to the sale in California of Elkhorn Lots and/or Condominiums.

B. By Owners. After Completion, and except as provided in Section 2.03, Section 6.08 and Section 9.04, the provisions of this Declaration, other than this Article, may be amended by an instrument in writing signed and acknowledge by the president and secretary of the Association certifying that such amendment has been approved by the vote or written consent of at least fifty-one percent (51%) of the Owners in Elkhorn, and such an amendment shall be effective upon its recordation with the Blaine County Recorder.

C. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat and render invalid the rights of the Beneficiary under any recorded Deed of Trust upon a Lot or Condominium made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Lot or Condominium shall remain subject to this Declaration, as amended.

SECTION 10.03 **Notices.** Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United State mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

SECTION 10.04 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of Elkhorn. All provisions affecting any Condominium Project in Elkhorn shall be construed so as to be in conformance with the Condominium Property Act of Idaho. This Declaration shall be construed and governed under the laws of the State of Idaho.

SECTION 10.05 Enforcement and Non-waiver.

A. Right of Enforcement. Except as otherwise provided herein, any Owner of any Lot or Condominium within Elkhorn shall have the right to enforce any or all of the provisions of the Elkhorn Restrictions upon any property within Elkhorn and the Owners thereof.

B. Violations and Nuisance. Every act or omission whereby any provision of the Elkhorn Restrictions is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action by Grantor or the Master Association or any Owner or Owners of Lots or Condominiums within Elkhorn.

However, any other provision to the contrary notwithstanding, only Grantor, the Master Association, the Board or the duly authorized agents of any of them, may enforce by self-help any of the provisions of the Elkhorn Restrictions, and only if such self-help is preceded by reasonable notice to the Owner.

C. Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within Elkhorn, is hereby declared to be a violation of the Elkhorn Restrictions and subject to any or all of the enforcement procedures set forth in said Restrictions.

D. Remedies Cumulative. Each remedy provided by the Elkhorn Restrictions is cumulative and not exclusive.

E. Non-waiver. The failure to enforce any of the provisions of the Elkhorn Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provisions of said Restrictions.

SECTION 10.06 Construction.

A. Restrictions Construed Together. All of the provisions of the Elkhorn Restrictions shall be liberally construed together to promote and effectuate the fundamental concepts of Elkhorn as set forth in the preamble of this Master Declaration.

B. Restrictions Severable. Notwithstanding the provisions of the foregoing Paragraph A, each of the provisions of the Elkhorn Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not effect the validity or enforceability of any other provision.

C. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

D. Captions. All captions and titles used in this Master Declaration are intended solely for convenience or reference and shall not affect that which is set forth in any of the provisions hereof.

IN WITNESS WHEREOF, Grantor has executed this Master Declaration the day and year first above written.

ELKHORN AT SUN VALLEY
An Idaho joint venture,

By: JOHNS-MANVILLE IDAHO, INC.,
By /s/John Fisher
By /s/John Harker

By: DOLLAR MOUNTAIN COMPANY, INC.,
By /s/Harry Holmes
By /s/LaVerna R. Overfield
"GRANTOR"

STATE OF COLORADO)) ss.
COUNTY OF ARAPAHOE)

On **March 8, 1972**, before me, the undersigned, a Notary Public in and for said State, personally appeared **John H. Fisher**, known to me to be **Vice President** and **John Harker**, known to me to be the **Assistant Secretary** of JOHNS-MANVILLE IDAHO, INC., an Idaho corporation, known to me to be one of the joint ventures of the joint venture that executed the within instrument, and acknowledged to me that such joint venture executed the same.

WITNESS my hand and official seal.

/s/ Mary E. Robb

Notary Public in and for said County and State
My Commission Expires September 15, 1975.

STATE OF)) ss.
COUNTY OF)

On **March 8, 1972**, before me, the undersigned, a Notary Public in and for said State, personally appeared **Harry Holmes**, known to me to be the **Vice President**, and **LaVerna R. Overfield**, know to me to be the **Secretary** of Dollar Mountain Company, Inc., an Idaho corporation, known to me to be one of the joint venturers of the joint venture that executed the within instrument, and acknowledged to me that such joint venture executed the same.

WITNESS my hand and official seal.

/s/ Kaye F. Curran

Notary Public in and for said County and State

LEGAL DESCRIPTION

EXHIBIT A

PARCEL 1:

A parcel of land within Section 21, T4N, R18E, B.M., Sun Valley, Blaine County, Idaho being more particularly described as follows:

Lots 1 through 67 of Elkhorn Village Subdivisions No 1 and No 2 as recorded in Book 8 of Plats at Pages 3 and 4, Records of Blaine County.

PARCEL 2:

Those certain parcels of land within Section 21, T4N, R18E, B.M., Sun Valley, Blaine County, Idaho, being more particularly described as follows:

Elkhorn Village Subdivision No 1 and No 2 as recorded in Book 8 of Plats at Pages 3 and 4, Records of Blaine County, except dedicated streets and Lots 1 through 67 of said subdivisions.

PARCEL 3:

A parcel of land within N 1/2 SW 1/4 Section 21, T4N, R18E, B.M., Sun Valley, Blaine County, Idaho, being more particularly described as follows:

Beginning at the Southeast corner of Lot 25 of Elkhorn Village Subdivision No 1 as recorded in Book 8 of Plats at Pages 3 and 4, Records of Blaine County; thence:

South 04 53' 26" West 572.25 feet to a point on the south line of the N 1/2 SW 1/4 of Section 21; thence continuing along said line North 89 53' 31" West 863.22 feet; thence North 1052.54 feet to the South corner of Lot 13 of said Elkhorn Village Subdivision No 1, thence along the southerly line of said Elkhorn Village Subdivision to the real point of beginning said parcel containing 16.00 acres.

LEGAL DESCRIPTION

EXHIBIT B

Those certain tracts of land located in Township 4 North, Range 18 East, B.M., Blaine County, Idaho, described as follows:

- Section 8: E 1/2 SE 1/4 and SW 1/4 SE 1/4
- Section 9: All
- Section 16: All
- Section 17: All except the N 1/2 NW 1/4
- Section 18: N 1/2 SE 1/4, SE 1/4 SE 1/4
- Section 19: NE 1/4 NE 1/4, excepting a tract described as follows:

Beginning at the southwest corner of the NE 1/4 NE 1/4, Section 19, north along the west line of the NE 1/4 NE 1/4, 550.0 feet more or less, thence southeasterly along a straight line a distance of 775.0 feet more or less to a point on the south line of said NE 1/4 NE 1/4, Section 19, that is 550.0 feet east of the southwest corner thereof, thence west along the south line of the NE 1/4 NE 1/4, 550.0 feet more or less to the point of beginning.

- Section 20: NW 1/4 NW 1/4, E 1/2 NE 1/4, NW 1/4 NE 1/4, and NE 1/4 SE 1/4
- Section 21: E 1/2, NW 1/4 and the N 1/2 SE 1/4
- Section 28: N 1/2 NE 1/4.

SCHEDULE A

Liquidated Damages and/or Monetary Assessments for Violation of Elkhorn Restrictions

The following Liquidated Damages and/or Monetary Assessments shall be applicable to violations of the Elkhorn Rules:

Class A Violation: \$10.00/day

Signs (Section 3.04) - Real Estate Signs
Unsightly Articles (Section 3.13) - Trash Cans
Animals (Section 3.05) - Dogs Running at Large

Class B Violation: \$25.00/day

Maintenance of Buildings & Landscaping (Section 3.07) – Painting; Lawn Care
Unsightly Articles (Section 3.13) - RV's; Utility Trailers

Class C Violation: \$50.00/day

Improvements & Alterations (Section 3.08) - Excavation or Construction without prior approval; Failure to complete pursuant to approved plans

Schedule A – MD Amendments – 12/30/05

