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COMMUNITY COVENANT

FOR

AVIMOR



AVIMORTM

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COMMUNITY COVENANT FOR AVIMOR

THIS COMMUNITY COVENANT (the "**Covenant**") is made by SunCor Idaho, Inc., an Idaho corporation, its successors and assigns (the "**Founder**").

PREAMBLE

"**Avimor**" is a master planned community located in Ada County, Boise County, and Gem County, Idaho. The Founder, as the developer of the community, intends for Avimor to be a special place that people invest themselves in and become a part of -- a true "community" where people not only live, work, and play, but put down roots, build relationships, and get involved in a way that creates a better quality of life for themselves, their neighbors, and the community at large. The Founder also intends to create environmental stewardship opportunities for the residents of Avimor by providing ecological, cultural, recreational, and educational opportunities for the residents.

Through this Covenant, the Founder intends to create and foster programs, activities, and services to facilitate interaction among owners, residents, and visitors; preservation and enjoyment of the natural environment; involvement in the surrounding community; community pride; and a sense of responsibility for the quality of life within Avimor. It establishes an administrative and funding structure, administered by the Avimor Stewardship Organization, Inc. (the "**ASO**"), an Idaho nonprofit corporation with the mission and authority to initiate programs, activities, and services to facilitate and enhance community life in Avimor while responding to individual and collective creativity and interests.

COVENANT FOR COMMUNITY

This Covenant is intended to benefit the ASO and the property owners and residents of the residential planned community described in that Community Charter for The Residential Community at Avimor, recorded or to be recorded by the Founder in the official records of Ada, Boise, and Gem Counties (the "**Residential Charter**"), as well as others outside the boundaries of such planned community. This Covenant may also benefit owners and occupants of other property in the Avimor planned community that is not made subject to the Residential Charter, to the extent such property is made subject to this Covenant. This Covenant is intended to: (i) provide a framework for conducting activities and programs to involve and enhance the lifestyle of the residents of Avimor and the surrounding community; and (ii) provide a mechanism for funding the ASO's operations, programs, services, and activities.

The Founder, as the owner of the property described in Exhibit "A," by executing and recording this Covenant, covenants on behalf of itself and all future owners of such property, and any additional property hereafter submitted to this Covenant (collectively, the "**Submitted Property**"), to support the mission and efforts of the ASO as provided in this Covenant. This Covenant shall run with the title to all of the Submitted Property and shall be binding upon and benefit each owner of any portion of the Submitted Property, their respective heirs, successors, successors-in-title, and assigns, and any other person or entity that now or hereafter has any legal, equitable, or beneficial interest in any portion of such property. This Covenant shall also be binding upon the ASO, its successors and assigns.

Chapter 1

ASO Structure and Organization

The government is best which governs the least, because its people discipline themselves. Thomas Jefferson

The Founder has established the ASO as a vehicle to help create "community" in Avimor. However, the ASO is intended to be merely a facilitator to provide opportunities for interaction and involvement among those who live and work in Avimor and its vicinity. It cannot be effective without the participation and support of the community's stakeholders.

1.1. Organization

The ASO is a nonprofit corporation without members. It is organized to serve the common good and general welfare of Avimor and the surrounding community. The ASO is not, and is not intended to be, a mandatory membership homeowners association or other owners association for Avimor or any other planned community.

1.2. Administration

The ASO is administered by a board of directors (the "**Board**") selected in accordance with its Articles of Incorporation ("**Articles**") and the By-Laws of Avimor Stewardship Organization, Inc. attached hereto as Exhibit "C" (as may be amended, the "**By-Laws**"). This Covenant, the Articles, and the By-Laws are collectively referred to as the "**ASO Governing Documents**."

1.3. Conflicts

If there are conflicts between any of the ASO Governing Documents and Idaho law or federal law, Idaho or federal law, as applicable, shall control. If there are conflicts between or among any of the ASO Governing Documents, then the Covenant, the Articles, and the By-Laws (in that order) shall control.

The ASO Governing Documents use diagrams, tables, and explanatory text to illustrate concepts and assist the reader. If there is a conflict between any diagram, table, or explanatory

text and the text of the ASO Governing Documents, the text shall control.

Space has been set aside throughout this Covenant to allow the reader to make notes. Any such notes are not a part of this Covenant and have no legal or binding effect.

If any court determines that any provision of this Covenant is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision in other instances.

1.4. Definitions

Capitalized terms used in this Covenant have the meaning described in the paragraph where they first appear in bold print or as defined below. An index of defined terms may be found at the end of the Table of Exhibits at the beginning of this document. All other terms used in this Covenant have their natural, commonly accepted definitions.

County: Ada County, Boise County, and/or Gem County, Idaho, as applicable in the context of the provision (*e.g.*, typically, a reference to the County will be a reference to the County within which the property being discussed is located).

Owner: Each Person that holds record title to a Unit, but excluding any Person who holds title merely as security for the performance of an obligation (such as a lender holding a mortgage or similar security instrument). If a Unit has more

ASO Structure and Organization

than one Owner, all co-Owners are jointly and severally obligated to perform the responsibilities of the Owner under this Covenant.

Person: An individual, corporation, partnership, trust, or other legal entity.

Recording or Recorded: To file an instrument or the filing of a legal instrument in the official public records of the County or such other place designated as the official location for filing documents affecting title to real estate in the County in order to make them a matter of public record.

Residential Association: Avimor Residential Community Association, Inc., its successors and assigns.

Residential Charter: That certain Community Charter for the Residential Community at Avimor, recorded or to be recorded by the Founder in the official public records of the County.

Unit: A portion of the Submitted Property, whether improved or unimproved, which is depicted as a separately identified lot, parcel, or airspace on a recorded subdivision plat, survey, or condominium instrument and which may be independently owned and conveyed, excluding any common area or common open space, property owned by the ASO, the common property of the Residential Association or any other condominium, homeowners or other owners association, and any property dedicated to the public for streets, parks, or other public infrastructure. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon.

A Unit intended for development, use, and occupancy as an attached or detached residence for a single family is sometimes referred to as a "**Residential Unit.**" This may include live/work units intended for residential and commercial use, condominium units intended for

residential use, townhouse units, cluster homes, patio or zero lot line homes, and single-family detached houses on separately platted lots. It may also include vacant land intended for development as such, but shall not include multifamily rental apartments. A Unit intended for commercial, retail, or institutional use or multifamily apartments is sometimes referred to as a "**Commercial Unit.**"

In wildness is the preservation of the world.
Henry David Thoreau

NOTES

Chapter 2

ASO Mission, Powers, and Activities

Make no little plans; they have no magic to stir men's blood . . . Make big plans, aim high in hope and work. Daniel H. Burnham

To achieve a quality of life within a "planned community," a development must have a proportionate and harmonious operational relationship that takes into account the property, the people, and the community. With this Covenant, the ASO is empowered with a purpose, focus, and structure to effectuate its vision for the protection and preservation of the area and for building a special sense of community.

2.1. Mission

(a) Community Building. One of the ASO's missions is to generate, preserve, and enhance a true sense of "community" through the creation and sponsorship of programs, activities, and services to facilitate:

- (i) interaction, inclusiveness, involvement, community pride, and responsibility; and
- (ii) the sharing of ideas, common interests, and resources

in order to enhance the lifestyle within and contribute to the betterment of Avimor and the surrounding community.

(b) Environmental Protection and Conservation. The second mission of the ASO is to preserve, protect, and conserve environmentally sensitive property in Avimor and to mitigate the negative effects of Avimor on the natural wildlife and native habitat in the area by educating the community; developing and monitoring the native habitat; managing recreation activities; coordinating and interacting with appropriate County, state, and federal agencies; and addressing similar issues related to the ecology of Avimor.

2.2. ASO Powers

The ASO shall have such express or implied powers as are reasonably necessary to create and

provide activities, services, and programs for the common good and general welfare of Avimor and the surrounding community. The ASO shall have the power to manage and maintain property subject to this Covenant or property that is within a two mile radius of Avimor for the common good and general welfare of the Owners of property subject to this Covenant.

The ASO may engage in activities that benefit Persons other than Owners and residents of Avimor. The ASO will act consistently with the ASO Governing Documents and Idaho law to achieve the missions of the ASO as set forth herein to realize the vision of community and environmental preservation and conservation.

2.3. ASO Activities

The ASO shall facilitate, through organization, funding, and/or administering, such activities, services, and programs as the Board determines necessary, desirable, and appropriate to advance the ASO's missions, which may include, but need not be limited to, the following:

- Primary education and adult special interest programs;
- Charter clubs and other volunteer organizations and activities;
- A volunteer data bank to match those interested in volunteering with volunteer

ASO Mission, Powers, and Activities

needs of local schools, libraries, and community organizations;

- Social programs, including parties, festivals, celebrations, and similar events;
- Environmental programs (*e.g.*, nature center, community-wide recycling, water conservation, tree planting, wildlife conservation, etc.);
- Activities designed to promote community standards through education, communication, and grass-roots efforts;
- Public relations activities to publicize the ASO's programs and activities;
- Cultural and artistic programs;
- Health and wellness programs;
- Operation and preservation of natural, historical, and archeological sites;
- Learning centers and computer centers;
- Computer Internet or intranet sites; and
- Other services, activities, and programs for the benefit of the residents of Avimor and the surrounding community.

The first law of ecology is that everything is related to everything else. Barry Commoner

NOTES

Chapter 3

ASO Funding

What is the city but the people? William Shakespeare, "Coriolanus"

The Founder intends for the ASO to be a catalyst for a wide variety of programs, services and activities to appeal to the diverse interests of those who live and work in Avimor and its vicinity. To be effective, the ASO must have a reliable source of funding as well as options for developing additional funding to expand its programs and services.

3.1. Stewardship Fee

(a) **Authority.** A primary source of funding for the ASO's activities shall be a "**Stewardship Fee**" to be collected upon each non-exempt transfer of title to a Residential Unit. The fee shall be charged to the seller of the Residential Unit, shall be payable to the ASO at the closing of the transfer of title, and shall be secured by a lien in favor of the ASO as provided in Section 3.6. Certain transfers of title are exempt from payment of the fee, as described in subsection (c) below.

(b) **Amount of Fee.** The Board shall have the sole discretion to determine the amount of and method of calculating the Stewardship Fee, subject to the limitations described in this subsection (b). The fee may be based upon a fixed fee or a sliding scale that varies in accordance with the "gross selling price" (as defined below) of the Residential Unit or any other factor the Board deems appropriate. However, the Stewardship Fee may not exceed 0.5% of the Residential Unit's gross selling price. The "gross selling price" is the total cost to the purchaser of the Unit, excluding any taxes or title fees imposed by the County and/or State of Idaho.

(c) **Exempt Transfers.** Notwithstanding the above, no Stewardship Fee shall be levied upon transfer of title to a Residential Unit:

(i) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;

(ii) to the Residential Unit Owner's estate, surviving spouse, or heirs at law upon the death of the Residential Unit Owner or to a family trust created by the grantor for the benefit of the grantor, his or her spouse, and/or heirs at law;

(iii) to an entity wholly owned by the grantor; provided, upon any subsequent transfer of an ownership or beneficial interest in such entity, the Stewardship Fee shall become due;

(iv) to an institutional lender pursuant to a first mortgage or upon foreclosure of a first mortgage; or

(v) under circumstances which the Board, in its discretion, deems to warrant classification as an exempt transfer (*e.g.*, a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Stewardship Fee).

In addition, the Founder and/or the ASO may grant exemptions for transfers of Residential Units to entities qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code, provided that for a period of at least two years from the date of such transfer, the property is used for exempt purposes listed in Section 501(c).

3.2. ASO Budget

The Board shall prepare a budget of the estimated expenses necessary to facilitate or provide activities, services, and programs and to perform

ASO Funding

other activities as authorized in this Covenant for the coming year within a reasonable period of time prior to each fiscal year. The budget shall reflect the sources and estimated amounts of funds to cover such expenses, such may include any surplus to be applied from prior years, and any income anticipated to be generated from Stewardship Fees, any assessments that may be authorized by this Covenant, use and consumption fees, and other sources of income.

Where appropriate, the budget shall include contribution to a reserve fund for capital and operating reserves, including capital improvements and capital maintenance items.

The Board shall have the discretion to determine how to allocate its income in order to accomplish the ASO's missions; provided, funds shall be allocated to both community building activities and environmental protection and conservation activities. During any fiscal year, the Board shall have the right to: (a) spend less than the full amount budgeted for any particular line item in the budget; (b) shift revenues within the budget from one line item to another; and (c) spend more than what was budgeted for any particular line item.

The Founder may pay a subsidy to assist in funding the ASO's activities. Any subsidy shall be disclosed in the income portion of the budget. Payment of a subsidy in any year shall not obligate the Founder to continue payment of such subsidy in future years unless otherwise provided by written agreement between the ASO and the Founder.

Within 30 days after the adoption of the budget, the ASO shall make the budget available to any Owner upon request.

3.3. No Reduction or Set-Off

No Owner of a Unit subject to this Covenant may exempt himself or herself from liability for Stewardship Fees or other charges authorized

under this Covenant by not using services provided by the ASO, not participating in programs or activities of the ASO, abandonment of the Unit, or for any other reason. The obligation to pay the Stewardship Fee and other charges authorized under this Covenant is a separate and independent covenant on the part of each Unit Owner. A Unit Owner may not claim any reduction or set-off because of any ASO action, inaction, or policy with which the Unit Owner disagrees.

3.4. Specific Assessments

In the Board's discretion, the ASO may levy "Specific Assessments" against particular Units, which shall constitute a lien upon the violator's Unit, after written notice and an opportunity for a hearing in accordance with the By-Laws as follows:

(a) The Board may levy reasonable monetary fines against the Unit of an Owner or occupant for any violation of the ASO Governing Documents or any rule promulgated by the ASO; and

(b) Any expense of the ASO (including damage to property owned or maintained by the ASO) occasioned by the negligence or misconduct of the Owner or occupant of any Unit, or their guests, may be specially assessed against the Unit of such Owner or occupant.

3.5. Obligation for Fees and Assessments

By accepting a deed or entering into a recorded contract to purchase any Unit, each Owner covenants and agrees to pay all fees and assessments authorized in the ASO Governing Documents. All fees and assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of Idaho law), late charges as determined by Board resolution, costs, and reasonable attorneys fees, shall be the personal obligation of each Owner

ASO Funding

and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any fees and assessments and other charges due at the time of the conveyance.

3.6. Lien Rights

(a) *Existence of Lien.* The ASO shall have a lien against each Unit to secure payment of fees and assessments authorized by this Covenant, as well as interest, late charges (subject to the limitations of Idaho law), and costs of collection (including attorneys fees and expenses). Such lien shall be superior to all other liens, except: (i) the liens of all taxes, bonds, assessments, and other levies which by law would be superior; (ii) the lien or charge of any recorded first mortgage made in good faith and for value having priority over any other mortgages on the Unit; and (iii) any lien of the Residential Association.

Although no further action is required to create or perfect the lien, the ASO may, as further evidence and notice of the lien, execute and record a document setting forth as to any Unit the amount of the delinquent sums due the ASO at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the ASO to execute and record any such document shall not affect the validity, enforceability, or priority of the lien.

(b) *Enforcement of Lien.* The ASO may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the ASO following foreclosure, no Stewardship Fees or other assessments shall be levied on it by the ASO. The ASO may sue for unpaid Stewardship Fees and other charges authorized hereunder without foreclosing or waiving the lien securing the same, in addition to pursuing any and all remedies allowed by law to enforce the lien.

(c) *Effect of Sale or Transfer.* Sale or transfer of any Unit shall not affect the ASO's lien

or relieve such Unit from the lien for any subsequent assessments or fees. However, the sale or transfer of any Unit pursuant to foreclosure of the first mortgage shall extinguish the lien as to any installments of such assessments or fees due prior to the mortgagee's foreclosure. The subsequent Owner of the foreclosed Unit shall not be personally liable for assessments or fees on such Unit due prior to such acquisition of title.

3.7. Statement of Account

Upon written request of the Owner or prospective purchaser of, or the holder or prospective holder of a mortgage on, any Unit, delivered personally or sent by certified or first class mail, postage prepaid, to the ASO's registered agent or designee, the ASO shall issue a written statement setting forth the amount of any unpaid Stewardship Fees and other charges and the amount of any Stewardship Fee due, if any, upon a transfer of title to the Unit, which occurs within 30 days of the due date of such statement. Such statement shall be delivered personally, by first class mail, or by such other means authorized in the statement request.

The ASO may require the payment of a reasonable processing fee for the issuance of such a statement. Such statement shall be binding upon the ASO as to Persons who rely on the statement in good faith. If a written request for a statement of account is not processed within 14 days after the ASO's receipt of the request, all amounts that became due before the date of such request shall be subordinate to the lien of any institutional holder of a first mortgage on the Unit that acquired its interest after requesting such statement.

3.8. Use and Consumption Fees

The ASO may offer services or sponsor activities for which it charges use or consumption fees to any person who chooses to use such services or participate in such activities. The Board may determine the amount and method of determining

ASO Funding

such fees. Different fees may be charged to different classes of users (*e.g.*, Avimor residents or Owners and others) in recognition of the support obtained from property owners within the Submitted Property pursuant to this Covenant.

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3.9. Contributions and Sponsorships

The ASO may solicit financial support from the public, stakeholders, or corporate sponsors to further its missions and activities. The Founder may, but shall not be obligated to, make contributions or commit funding to subsidize the ASO's activities. Payment of a contribution or subsidy by the Founder in any year shall not obligate the Founder to continue such payment in future years.

3.10. Grants

The ASO may also seek to qualify for local, state, or federal grants.

3.11. Reimbursement of Start-Up Costs

The ASO will initially be funded primarily through Stewardship Fees. Consequently, the Founder may need to advance funds to the ASO to cover its initial costs. Any such funds advanced may be treated as a contribution, an advance against future Stewardship Fees and/or other assessments due by the Founder, or a loan, in the Founder's discretion. If characterized as a loan, the Founder may charge and collect interest on the outstanding principal balance of the loan at a rate not to exceed the greater of 8% per annum or two percentage points over the prime rate published by the Wall Street Journal on the date of such loan, such interest rate to be set forth in a promissory note executed on behalf of the ASO. The Board shall also be authorized to reimburse the Founder for any legitimate costs it incurs for the start-up or initial operations of the ASO.

*I am a part of all that I have met.
Alfred, Lord Tennyson*

Chapter 4

Tools for Achieving Missions

*When you do the common things in life in an uncommon way,
you will command the attention of the world. George Washington Carver*

Achieving the goal of making Avimor a truly special place to live and work requires more than just providing opportunities for stakeholders to share ideas, suggestions, and desires. It also requires specialized staffing, a creative process, and good communication.

4.1. Art of Living Director

At such time as the Board determines that there are a sufficient number of residents in Avimor and that a sufficient level of funding exists, the Board shall create and fund the position of "**Art of Living Director**" to provide leadership for the overall planning, development, implementation, and continuing evaluation of programs, activities, and services to carry out the ASO's mission of enhancing community within Avimor. The Art of Living Director may be an employee or an independent contractor of the ASO and may be retained on a full or part-time basis, as the Board determines appropriate.

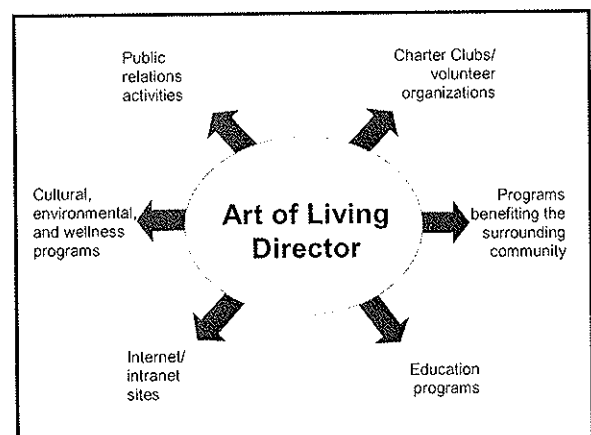
The Art of Living Director's specific responsibilities may include the following:

- (a) creating accessible opportunities for residents to participate in and volunteer their time and skills for community events and activities;
- (b) working with volunteers and staff members and cooperating with the Board to implement the ASO's community building objectives;
- (c) coordinating, promoting, and facilitating community-wide cultural, artistic, musical, athletic, and social events and activities;
- (d) conducting governance education programs and contracting for and coordinating education programs and opportunities;

(e) serving as an ombudsman within Avimor by encouraging and practicing "non-adversarial communication" and, when the need arises, mediating or otherwise intervening to resolve disputes and conflicts at the request of the parties involved; and

(f) seeking out new opportunities for building community life and spirit while appreciating diversity.

The Art of Living Director's responsibilities may also include others agreed upon by the Art of Living Director and the Board so long as such other responsibilities do not hinder, limit, or otherwise interfere with the fulfillment of the Art of Living Director's responsibilities outlined above. The Art of Living Director shall be entitled to attend and participate in Board meetings; however, in case of discussions regarding the Art of Living Director's employment or performance, the Art of Living Director may be excluded from Board meetings.



Tools for Achieving Missions

4.2. Conservation Director

The ASO shall create and fund the position of "Conservation Director" to be responsible for the implementation, management, and monitoring of the Wildlife Mitigation Plan for Avimor, as described in Section 5.1. The Conservation Director may be an employee or independent contractor of the ASO and may be retained on a full or part-time basis, as the Board deems appropriate. The position of part-time Conservation Director may also be combined with another part-time position with the ASO. For example, the ASO may hire a single person to perform the roles of both Art of Living Director and Conservation Director.

It is also possible for the ASO to enter into joint agreement with one or more other communities in the area to coordinate a shared Conservation Director position to serve other developments or projects in addition to Avimor. *However, the Conservation Director must be independent of the Residential Association and any other homeowners or owners association in the community and may not work for any such association in the community. It is important that the Conservation Director's interests remain based in wildlife and conservation issues without being steered, influenced, or financially governed by other unrelated interests. In addition, the Conservation Director must have an in-depth knowledge of the ecology and land uses of the area.*

The Conservation Director will maintain communication with appropriate County, state, and federal environmental agencies, as well as relevant private foundations and groups. The Conservation Director will serve as a representative of Avimor on local conservation boards, such as the Ada County Cooperative Weeds Management Area committee. The Conservation Director shall also be responsible for seeking additional funding for the ASO's conservation and related education programs and activities through grants and cooperative agreements.

4.3. Community Education and Orientation

Those who understand the structure and governance of Avimor and their rights and responsibilities in Avimor have a greater capacity to participate in civic life and in the affairs of the community. Therefore, the Board may establish education, training, and orientation programs to facilitate and encourage such understanding. The Board may utilize any method it deems appropriate to achieve this goal, including a community website or intranet, learning centers, new resident welcome and orientation programs, coordinated activities with local schools, seminars, audio/video recordings, pamphlets, and other publications.

4.4. Lifelong Learning Opportunities

The ASO may provide for or facilitate continuing education opportunities for persons of all ages based on level of interest, availability of instructors, and cost. Continuing education opportunities should reflect the diverse interests of the community (e.g., finance, art, music, culture, conservation, exercise, health and wellness, gardening, literature, and recreation, among others).

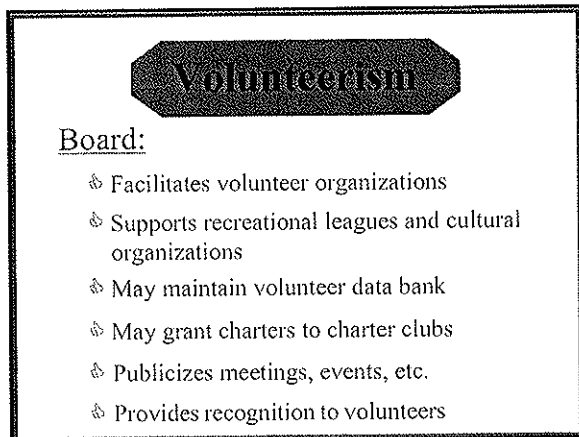
4.5. Volunteerism

In recognition of the fact that volunteerism benefits both Avimor and the larger community, the Founder desires to promote a strong volunteer ethic among residents of Avimor. Therefore, one of the ASO's roles is to encourage and facilitate the organization of volunteer groups and activities within Avimor. To accomplish this end, the Board may grant incentives for volunteering, such as exemptions from specific program fees and public recognition of distinguished volunteers and their achievements.

The Board also may cooperate with and support outside organizations, such as recreational leagues or cultural organizations, by sponsoring or helping to promote the organization's events. Additionally, the Board may compile and main-

Tools for Achieving Missions

tain a data bank of volunteer opportunities and needs and people interested in volunteering, to help match volunteers with activities in which their interests and skills will be of assistance.



4.6. Charter Clubs

The Board may establish or support the establishment of "charter clubs" to encourage or facilitate the gathering of people to pursue common interests or hobbies. A charter shall confer privileges and impose responsibilities on the club and its members. For example, the Board may grant privileges such as financial, administrative, or technical support, material support, and liability insurance coverage.

The Board may grant charters to any group of individuals who share a particular field of interest. The ASO may provide initial or ongoing funding to a charter club and/or require that club members pay dues, use or consumption fees, or otherwise obtain funding for club expenses. However, the ASO shall not sponsor or provide funding for promotion of specific events or activities of a charter club unless the Board, in its discretion, determines that such events or organizations provide a general benefit to the entire community.

4.7. Youth Board

The ASO may, but shall not be required to, create and fund a "**Youth Board**," comprised of and selected by Avimor residents between the

ages of 13 and 19, to serve as a liaison between Avimor's youth and the ASO and to empower Avimor's youth with a voice, a sense of "belonging," and a mechanism for positively influencing their peers and others in Avimor.

An important aspect of the Youth Board's ability to be the voice of Avimor's youth is its composition. The best Youth Board is one that is representative of those it seeks to serve. The members of the Youth Board shall be selected from candidates solicited through Avimor-wide publications, emails, and any other methods of reaching large portions of the community employed by the ASO or the Residential Association.

The Art of Living Director shall compile all applications for the Youth Board. The ASO Board, with the assistance of the Art of Living Director, will then select the Youth Board members from the applications. In the process of selecting members of the Youth Board, the ASO shall include representatives from a wide variety of backgrounds, ages, hobbies, charter clubs, sports teams, and residence locations within Avimor.

The Youth Board shall hold meetings periodically. In addition, the Youth Board may hold discussion groups or sponsor other events to foster group discussion and collective decision-making. The Youth Board may request funding from the ASO for additional services, facilities, or activities; organize and independently operate such services, facilities, or activities; communicate with the ASO on issues of importance to the youth; and make suggestions or recommendations for community improvement to the ASO. The ASO shall fund the Youth Board based upon a budget created by the Youth Board. However, the ASO may approve or reject any requested service, facility, or activity or any funding request (or may rescind any previously approved budget, service, or funding request) based upon reasonable, community-related considerations.

The Youth Board shall select from its own members an *ex officio* member of the ASO Board

Tools for Achieving Missions

and an alternate. The Youth Board member serving as *ex officio* member of the ASO Board shall attend meetings of the ASO Board, deliver the minutes of the most recent Youth Board meeting, and report on any Youth Board-related matters.

The Art of Living Director shall serve as an *ex officio* member of the Youth Board, and the Youth Board shall cooperate with and assist the Art of Living Director in the performance of his or her duties.

The ASO Board may enact additional rules to ensure the successful formation, selection, operation, and continuity of the Youth Board, including terms of service of the Youth Board.

Learning is what most adults will do for a living in the 21st century. Perelman

NOTES

Chapter 5

Environmental Protection and Property Management

In all things of nature there is something of the marvelous. Aristotle

The ASO owns or has use rights in property for its specialized purposes. Whether these purposes are artistic, cultural, civil, environmental, or recreational, or a myriad of other activities, the property is to be used and maintained as in any quality community: with respect.

5.1 Environmental Protection

The ASO shall be responsible for monitoring and ensuring compliance by the Submitted Property with that certain Wildlife Mitigation Plan dated December 14, 2006 approved by the Idaho Department of Fish and Game ("**IDFG**"), which is attached to the Residential Charter as Exhibit "E" (as such plan may be amended from time to time, the "**Wildlife Mitigation Plan**") for the purpose of mitigating the negative effects of the Submitted Property on the natural wildlife habitat.

The ASO shall also be responsible for monitoring and ensuring compliance by the Submitted Property with that certain Final Avimor Compensatory Wetland Mitigation Plan dated June 27, 2006 and approved by the United States Army Corps of Engineers (the "**USACOE**"), which is included in the Wildlife Mitigation Plan attached as Exhibit "E" to the Residential Charter (as such plan may be amended from time to time, the "**Wetlands Mitigation Plan**"). The Wildlife Mitigation Plan and the Wetlands Mitigation Plan are collectively referred to as the "**Mitigation Plans**."

The ASO's responsibilities with regard to the Mitigation Plans include, but are not limited to:

- monitoring ecological systems and effects in Avimor;
- developing and implementing mitigation measures;
- making periodic reports to the USACOE;
- developing and implementing educational programs to promote wildlife conservation and education and an understanding and respect for the natural environment of Avimor and the Boise Foothills ecosystem (including a newsletter, website, and interpretive signage);
- implementing, managing, and monitoring conservation and enhancement programs identified in the Wildlife Mitigation Plan to meet or exceed no net loss requirements;
- monitoring and maintaining effective fuel breaks;
- monitoring and managing a weed abatement program;
- monitoring the restoration and enhancement efforts for all construction in the Submitted Property; reporting enhancement progress to the Advisory Committee described in Section 5.3 twice a year; and developing an annual progress report for Ada County Development Services; and
- working with residents to address problems related to wildlife in Avimor and working with IDFG to obtain certifica-

Environmental Protection and Property Management

tion or authorization to manage nuisance wildlife issues.

5.2. Environmental and Wildlife Education

The ASO may facilitate and sponsor programs and classes and prepare or commission materials designed to foster and promote environmental and wildlife education and awareness. The ASO shall have the authority to retain such guest speakers, instructors, and staff as the Board deems appropriate to conduct such programs and classes and to prepare and disseminate such materials. The ASO may permit persons who do not own or occupy a Unit to participate in such programs, classes and activities for such fee, if any, as the Board may establish.

Such programs, classes, and materials may address, among other things:

- (a) respect for the natural environment and conservation of natural resources;
- (b) creating a sustainable built environment through design, materials, construction, and landscape techniques, and other methods;
- (c) minimizing fire hazards; and
- (d) maintaining and enhancing wildlife habitats.

5.3. Conservation Advisory Committee

An advisory committee ("**Conservation Advisory Committee**") made up of seven representatives from the IDFG, the federal Bureau of Land Management, Ada County Development Services, the Residential Association, the Founder, the Conservation Easement Manager appointed to manage any conservation easements for which the ASO is responsible, and other organizations and agencies will meet with the Conservation Director at least every six months to review the monitoring data and overall progress of the mitigation efforts and compliance with the

Wildlife Mitigation Plan and to make recommendations to the Conservation Director for changes in the management direction or alteration of the Wildlife Mitigation Plan. The Conservation Advisory Committee will develop a strategic plan for the Community to ensure compliance with the Wildlife Mitigation Plan.

5.4. Ownership and Maintenance of Property

The ASO may own, maintain, operate, insure, repair, manage, and preserve real and personal property ("**ASO Property**"), subject to the ASO's rights and duties set forth in this Covenant and to any terms, conditions, covenants, or restrictions set forth in the instrument conveying such property to the ASO. The ASO may enact reasonable rules and regulations governing or restricting access, use, and enjoyment of the ASO Property, and every Owner, resident, the Residential Association, and any other property owners association created in Avimor shall comply with such rules and regulations.

The Founder or the ASO may grant exclusive and/or non-exclusive easements over any portion of the ASO Property to any nonprofit organization, the operation of which confers some benefit to Avimor.

5.5. Conveyance of Property by the Founder

At any time the Founder owns any property described in Exhibits "A" or "B," the Founder may convey to the ASO, or assign or delegate to the ASO maintenance, operation, insurance, repair, management, and preservation responsibility for, improved or unimproved real property located in Avimor. The ASO shall accept and maintain, operate, insure, repair, preserve, and manage such property as part of the ASO Property. The ASO shall also perform, at its expense, such obligations and responsibilities with respect to such property as the Founder may assign or delegate in writing.

Environmental Protection and Property Management

In recognition of the fact that the Founder conveys real property to the ASO at no cost to the ASO, if conveyed in error or needed to make minor adjustments in property lines, the ASO shall reconvey unimproved real property to the Founder.

5.6. Dedication of ASO Property

Subject to the approval of and acceptance by such entity, the ASO may dedicate, lease, grant easements in, or convey portions of any real property it owns to any local, state, or federal governmental or quasi-governmental entity, provided the Board has determined, in its reasonable discretion, that such entity has the funding source and commitment to properly maintain the dedicated property.

5.7. Easements Reserved to the Founder

There is hereby reserved to the Founder and granted to its duly authorized agents, representatives, successors, assigns, licensees, and mortgagees, a perpetual, non-exclusive easement over the ASO Property for the use, access, and development of property described in Exhibits "A" and "B." This easement includes, but is not limited to, a right of ingress and egress over such property for construction of roads and for tying in and installing utilities on such property. The Founder also reserves for itself the non-exclusive right and power to grant and record specific easements as may be necessary, in the Founder's sole discretion, in connection with the orderly development of the property.

5.8. Facilities and Services Open to the Public

Any property or facilities the ASO owns or for which it has responsibility may be made available for use and enjoyment of the general public. Such property and facilities may include, by way of example: trails and paths, greenbelts, open space, parks, and other spots conducive to gathering and interaction. The Founder may design

nate such property and facilities as open to the public at the time the Founder conveys such property to the ASO or the Board may do so thereafter.

5.9. Trails Management Plan

The Board may work with the County, owners of property adjoining Avimor, community leaders, conservation groups, and others outside of Avimor in developing a trails management plan for the management, operation, and maintenance of regional trails and recreation areas within or outside of Avimor, and to contribute funding for the management, maintenance, and operation of such regional trails and recreation areas.

Conservation is a state of harmony between men and land. Aldo Leopold

NOTES

Chapter 6

Connections and Community

There is an amazing strength in the expression of the will of a whole people. Tocqueville

No one can build community in isolation; community life requires private time as well as interdependence with others. Some connections are planned; others, often the best, just grow from seeds of shared interest.

6.1. Community Participation

A key to building a sense of community is listening to the community and appreciating the need for input from all stakeholders, whether the Founder, Owners, residents, builders, or those who work in Avimor. In that regard, the ASO shall strive to:

- create and maintain an inclusive environment for all who wish to participate in its activities and programs;
- provide an orderly, regular, and informative communication system within Avimor;
- provide opportunities for all stakeholders to provide input on community activities and ASO programs;
- respect the value of each individual as well as the value and importance of the community;
- appreciate the diversity of thought and of people;
- establish community traditions that will engender pride in Avimor;
- foster a sense of belonging;
- motivate Owners and residents to participate by offering a variety of life-enriching opportunities;

- provide meaningful opportunities to connect with the greater Boise area; and
- make a significant contribution to the quality of life at Avimor.

In all dealings among and between stakeholders and the ASO, participants are expected to:

- be informed;
- act with civility;
- communicate constructively; and
- strive to act in the best interest of the community as a whole and make a meaningful contribution to Avimor.

6.2. Cooperation by the Residential Association

The ASO shall have the authority to engage in activities and implement programs on any property owned by the Residential Association for the benefit of Avimor residents. The Residential Association shall cooperate with the ASO and make access to its property and facilities reasonably available to the ASO and its employees, agents, and invitees for such programs and activities.

6.3. Cooperation with Other Organizations

The ASO may contract with other entities and organizations, including the Residential Association and the Founder, to provide assistance with

Connections and Community

and facilities for the ASO's activities, services, and programs. The ASO may partner with local schools, businesses, and other organizations and solicit in-kind contributions to facilitate any of its activities.

6.4. The Community Beyond Avimor

Interacting with the greater Boise community is an important part of the ASO's purpose, as the ASO is uniquely able to connect stakeholders within Avimor with the greater Boise area. To achieve this goal, the ASO shall work with local governments and civic groups to promote or address local concerns and issues and create opportunities for stakeholders to become involved. This interaction will foster contributions of time and energy that will benefit both Avimor and the larger Boise community and enrich the lives of everyone who lives, works, or plays in Avimor.

The ASO, in the Board's discretion, may invite local civic and professional groups to engage in activities at Avimor (*i.e.*, Girl/Boy Scouts of America, 4-H, recreational youth sports leagues, Boys/Girls Clubs, Big Brothers and Big Sisters, Rotary Club, AARP, Garden Club, Junior Women's League, NAACP, Veterans Club, and school community service groups).

Opportunities are multiplied as they are seized.

Sun Tzu

NOTES

Chapter 7

Dispute Resolution

When elephants fight it is the grass that suffers. African saying

From time to time, disputes may arise between Owners, or between an Owner and the ASO, the Founder, or others involved in the community. This chapter commits the parties to any such a dispute to work together in an attempt to resolve the dispute without litigation, in order to facilitate the prompt resolution of such disputes in a manner that respects and builds upon the relationships between the parties.

7.1. Agreement to Encourage Resolution of Disputes Without Litigation

(a) **Bound Parties.** The Founder; the ASO and its officers, directors, and committee members; all Persons subject to this Covenant; and any Person not otherwise subject to this Covenant who agrees to submit to this chapter (collectively, "**Bound Parties**") agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving Avimor without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in Section 7.1(b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 7.2 in a good faith effort to resolve such Claim.

(b) **Claims.** As used in this Chapter, the term "**Claim**" shall refer to any claim, grievance, or dispute arising out of or relating to:

(i) the interpretation, application, or enforcement of the ASO Governing Documents; or

(ii) the rights, obligations, and duties of any Bound Party under the ASO Governing Documents.

(c) **Exceptions.** The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 7.2:

(i) any suit by the ASO to collect Stewardship Fees, assessments, or other amounts due from any Owner;

(ii) any suit by the ASO to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to prevent any violation of the Wildlife Mitigation Plan and/or maintain the status quo and preserve the ASO's ability to promote and protect the ASO Property;

(iii) any suit that does not include the Founder or the ASO as a party, if such suit asserts a Claim that would constitute a cause of action independent of the ASO Governing Documents; or

(iv) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 7.2(a), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this section.

7.2. Dispute Resolution Procedures

(a) **Notice.** The Bound Party asserting a Claim ("**Claimant**") against another Bound Party ("**Respondent**") shall give written notice ("**Notice**") by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

Dispute Resolution

(i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an independent agency providing dispute resolution services in the greater Boise area. Each Bound Party shall present the mediator with a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date

that mediation was terminated. The Claimant may thereafter file suit or initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, if applicable, including attorneys fees, and each Bound Party shall pay an equal share of the mediator's fees, if applicable.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys fees and court costs.

7.3. Initiation of Litigation by ASO

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the ASO shall not initiate any judicial or administrative proceeding unless first approved by a vote of the Voting Delegates (as defined in the Residential Charter) entitled to cast at least 75% of the total votes in the Residential Association, except that no such approval shall be required for actions or proceedings:

(a) initiated during the Founder Control Period (as defined in the Residential Charter);

(b) initiated to enforce the provisions of this Covenant, including collection of Stewardship Fees and assessments and the obligations of the ASO with respect to the Mitigation Plans;

(c) initiated to challenge *ad valorem* taxation or condemnation proceedings;

Dispute Resolution

(d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

(e) to defend claims filed against the ASO or to assert counterclaims in proceedings instituted against it.

Any proceeds received by the ASO from the settlement or other resolution of litigation, arbitration, or other proceedings against the Founder or any of its affiliates, or any builder, alleging defects in the initial construction of any portion of the ASO Property shall be applied to repair, replace, or otherwise remedy the defects claimed in such action. If the ASO has funds remaining after completing such repair, replacement, or other work required to remedy the defects in question, such proceeds shall be placed in a capital reserve account to be used for future maintenance and repair of the ASO Property.

*Give me where to stand, and I will move
the earth. Archimedes*

NOTES

Chapter 8

Scope, Duration, and Amendment of the Covenant

We can never have enough of nature. Henry David Thoreau

Although the ASO's sphere of influence is not limited to Avimor, the Founder anticipates that the primary support for and participation in the ASO's programs and activities will come from those who live and conduct business in Avimor. This chapter explains the procedures for expanding the Submitted Property and for modifying this Covenant to reflect changing needs and desires as Avimor is developed and matures.

8.1. Expansion of the Submitted Property

So long as the Founder owns any property described in Exhibits "A" or "B," the Founder may expand the Submitted Property to include all or any portion of the property described in Exhibit "B" by recording an amendment or "**Supplement**" to this Covenant describing the intent to submit such property to the terms of this Covenant. No consent of any Person shall be required other than the owner of the property being submitted to this Covenant, if not the Founder. The ASO may expand the Submitted Property in the same manner, except that so long as the Founder has any rights under this Section 8.1, such expansion shall be require the written consent of the Founder, as evidenced by its execution of such amendment or Supplement.

Any Supplement to the Residential Charter which submits additional property to the terms of that instrument shall also be effective to supplement this Covenant if such Supplement specifically references this Covenant and the intent to submit the additional property to the terms of this Covenant.

The Founder's right to expand the Submitted Property under this Section 8.1 shall expire when all property described in Exhibit "B" has been submitted to this Covenant or 40 years after this Covenant is recorded, whichever is earlier. Until then, the Founder may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibits "A" or "B." Any such transfer shall be

described in a written instrument executed by the Founder.

Nothing in this Covenant shall require the Founder, or any successor, to submit additional property to this Covenant.

8.2. Term and Termination

This Covenant shall be of perpetual duration, unless at least 80% of the Owners then subject to this Covenant consent to termination. In addition, the written consent of IDFG, the County, and, for so long as the Founder owns any property described in Exhibits "A" or "B," the Founder shall be required to terminate this Covenant. In such case, this Covenant shall terminate on the date specified in the recorded document that states the intent to terminate this Covenant.

If any provision of this Covenant would be unlawful, void, or voidable by reason of any rule restricting the period of time that covenants can affect title to property, that provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

8.3. Amendment

(a) *By the Founder.* In addition to specific amendment rights granted elsewhere in this Covenant, the Founder may unilaterally amend this Covenant for any purpose during the Founder Control Period, as defined in the Residential Charter.

Scope, Duration, and Amendment of the Covenant

NOTES

Thereafter, the founder may unilaterally amend this Covenant if such amendment is necessary to: (a) bring any provision into compliance with or adapt to any change in any applicable governmental statute, rule, regulation, or judicial determination; (b) enable any reputable title insurance company to issue title insurance coverage on the Units; or (c) satisfy the requirements of any local, state, or federal governmental agency. However, any amendment under this paragraph shall not adversely affect the title to any Unit unless the Unit Owner consents in writing.

(b) *By Others.* Except as otherwise specifically provided above and elsewhere in this Covenant, this Covenant may be amended only by a recorded instrument executed by the Board, the Residential Association, and any other property owners association (if any) not subject to the jurisdiction of the Residential Association. The Founder's consent shall also be required so long as the Founder owns any property described in Exhibit "A" or "B."

(c) *Validity and Effective Date.* No amendment may remove, revoke, or modify any right or privilege of the Founder without the written consent of the Founder (or the assignee of such right or privilege).

Any amendment shall become effective upon recordation unless a later effective date is specified. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provision of this Covenant.

*Nature never did betray the heart that
loved her. William Wordsworth*

THIS COMMUNITY COVENANT is made this 1 day of April, 2008 by SunCor Idaho, Inc., an Idaho corporation, as the Founder.

FOUNDER:

SUNCOR IDAHO, INC., an Idaho corporation

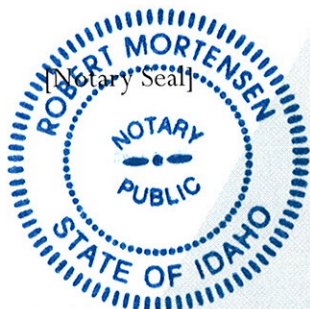
Name: Dan Richter

Its: President

STATE OF IDAHO

COUNTY OF Ada

I, Robert Mortensen, a notary public, do hereby certify that on this 1st day of April, 2008, personally appeared before me Dan Richter, known or identified to me to be the President of SunCor Idaho, Inc., the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



Robert Mortensen
Notary Public

My Commission Expires: 17 Mar 2014

EXHIBIT "A "

Land Initially Submitted

All Lots in Avimor Subdivision No. 1, Book 100 of Plats at Pages 13049 thru 13069, Ada County Records, situate in Sections 17, 18, & 19, Township 5 North, Range 2 East, Boise Meridian, Ada County, Idaho;

EXCEPT THEREFROM Lots 1, 13, 69, 70, and 72, Block 1, of Avimor Subdivision No. 1;

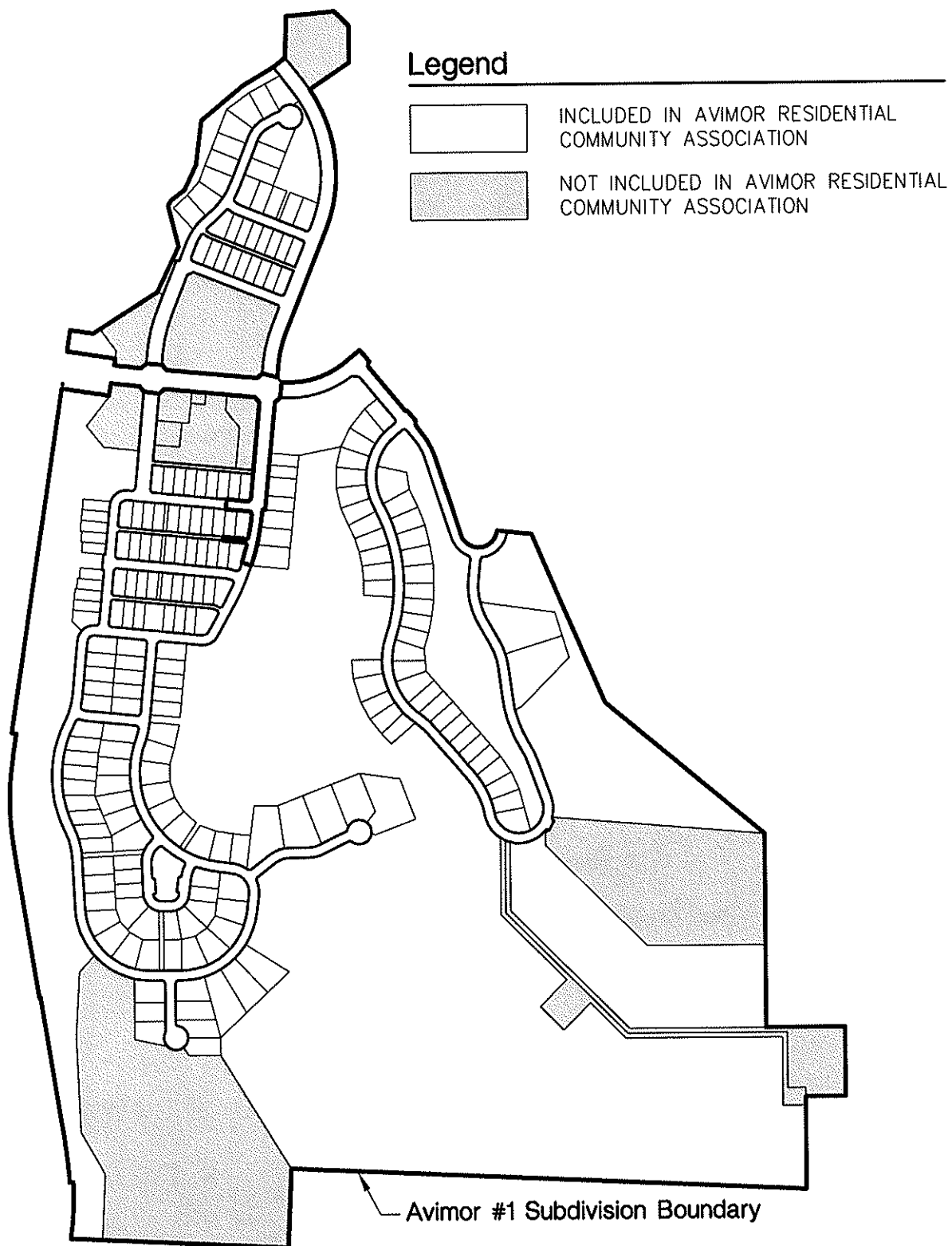
ALSO EXCEPT THEREFROM Lots 1, 2, 3, 4, and 5, Block 11, of Avimor Subdivision No. 1;

ALSO EXCEPT THEREFROM Lot 20, Block 12, of Avimor Subdivision No. 1;

ALSO EXCEPT THEREFROM Lot 1, Block 13, of Avimor Subdivision No. 1;

ALSO EXCEPT THEREFROM Lot 1, Block 16, of Avimor Subdivision No. 1.





W R G
DESIGN INC.

1173 E. Winding Creek Drive Eagle, ID 83616
 Tel. 208.246.8300 Fax. 208.246.8320

PLANNERS • ENGINEERS • LANDSCAPE ARCHITECTS • SURVEYORS

Exhibit A

PROJECT NO. SCR4782

DATE: 12/4/2007

BY: BLW

SCALE: NTS

SHEET NO. EXHIBIT A

EXHIBIT "B"

Additional Property

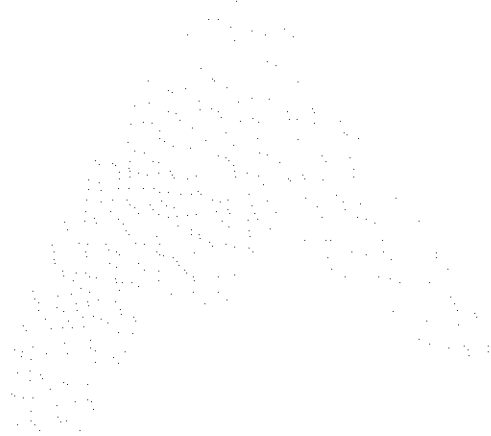
ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Ada County, Gem County, and Boise County, as shown on the map attached hereto.

LESS AND EXCEPT that land initially submitted to this Covenant as described on Exhibit "A."

In addition to the above, as the owner or with the written consent of the owner, the Founder may also submit to the terms of the Covenant any real property situated within two miles of the perimeter boundaries of the property described on Exhibit "A" or this Exhibit "B."

Note to Clerk and title examiners:

This Covenant is not intended to create an encumbrance on title to the property described in this Exhibit "B." Such title may be encumbered only with the consent of the owner by filing a Supplement in accordance with Section 8.1.



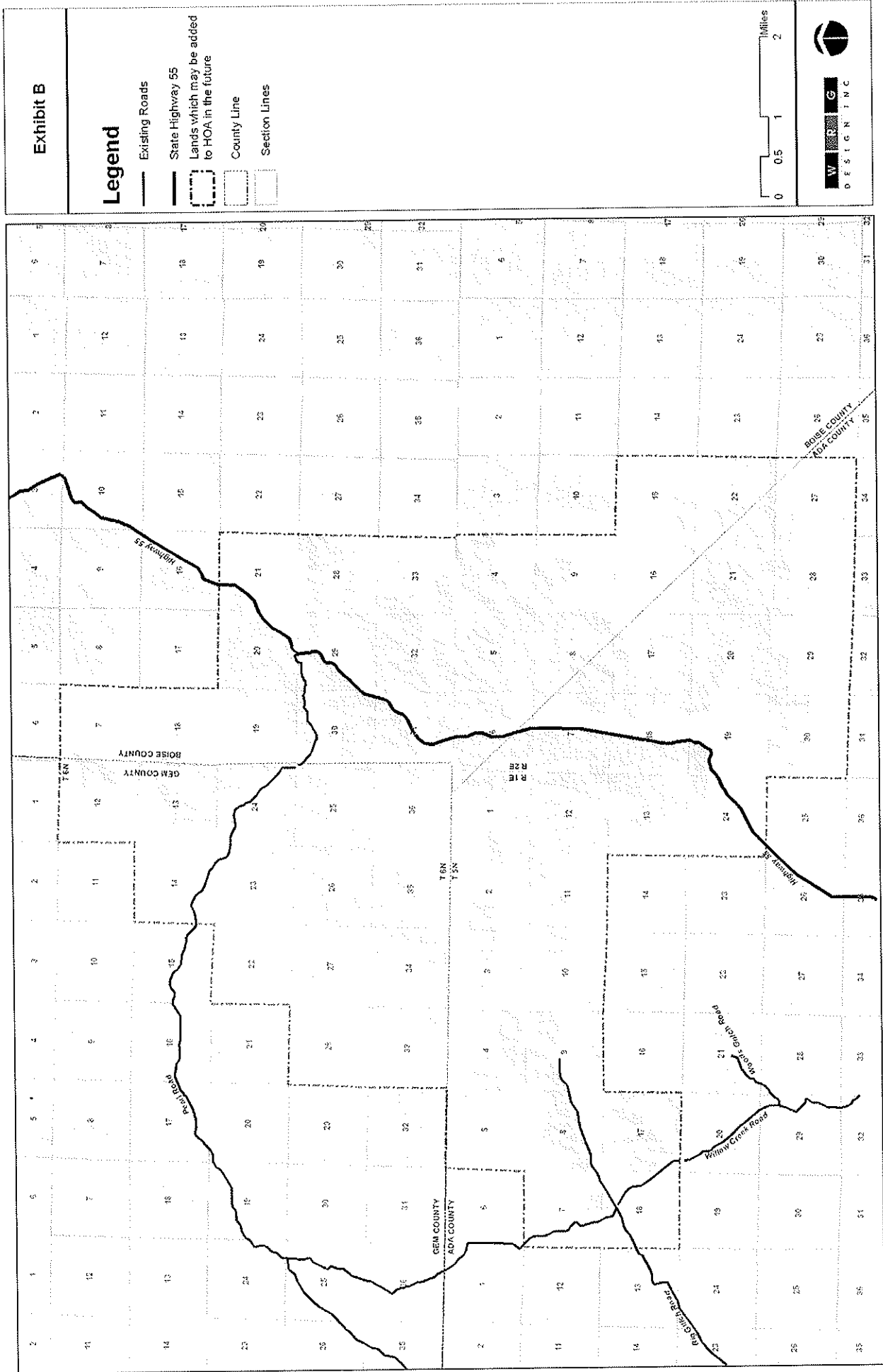


EXHIBIT "C"

By-Laws of Avimor Stewardship Organization, Inc.

BY-LAWS
OF
AVIMOR STEWARDSHIP ORGANIZATION, INC.



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**BY-LAWS
OF
AVIMOR STEWARDSHIP ORGANIZATION, INC.**

**Article 1
Name, Principal Office, and Definitions**

1.1. Name.

The name of the corporation is Avimor Stewardship Organization, Inc. (the "**ASO**").

1.2. Principal Office.

The ASO's principal office shall be located in Ada, Boise, or Gem County, Idaho. The ASO may have such other offices as the Board may determine or as the ASO's affairs require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the meaning ascribed to them in the Community Covenant for Avimor recorded by SunCor Idaho, Inc., an Idaho corporation, in the public records of Ada, Boise, and Gem Counties, Idaho (as it may be amended, the "**Covenant**"), or in the Community Charter for The Residential Community at Avimor, recorded or to be recorded in the aforesaid records (as it may be amended, the "**Residential Charter**").

**Article 2
Mission and Purposes of the ASO**

2.1. Mission.

The ASO's mission is to enhance the quality of life and sense of community in Avimor and the greater community and to preserve, protect, and conserve environmentally sensitive property in the area and to mitigate the negative effects of residential development on the natural wildlife and native habitat in Avimor and the surrounding area, as more particularly described in the Covenant.

2.2. Purposes.

The ASO is organized to provide for the furtherance and promotion of the common good and general social welfare of the residents of Avimor and the surrounding community. The ASO may provide or provide for activities, services, and programs of a corporation exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code, Title 26 of the United States Code (the "**IRC**"), as amended, or the corresponding provision of any future United States internal revenue law. The ASO shall not, except

to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the ASO, and the ASO shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under the IRC. The purposes for which the ASO is organized are further set forth in its Articles of Incorporation and the Covenant.

Article 3

Administration of the ASO

3.1. Governing Body.

The ASO shall have no members. The board of directors selected pursuant to Article 4 (the "**Board**") shall manage the ASO's affairs in accordance with these By-Laws and the Covenant.

3.2. Community-Wide Meetings.

From time to time, the Board may call meetings of the Owners of Units subject to the Covenant, other residents, and stakeholders within Avimor, and other interested parties. The Board shall set the time, place, and agenda for such meetings. They also shall communicate notice of the meetings by (a) posting in a conspicuous location or locations within Avimor, (b) publishing in a newspaper or community newsletter, (c) posting on a community cable channel or intranet or Internet website generally known to the Owners and residents of Avimor, or (d) similar means to which such persons could reasonably be expected to have access.

Such notice shall be given, published, or posted at least 10 but not more than 50 days prior to the meeting date. Participation in discussions during community-wide meetings shall be subject to reasonable Board regulation.

3.3. Special Community Meetings.

The Board shall call a special community-wide meeting: (a) at the request of a majority of the directors; (b) upon the request of the board of directors of the Residential Association; or (c) upon petition of the Owners of at least 25% of the Units which describes the purpose or purposes for which the meeting is to be held. The notice of any special community-wide meeting shall be given as provided in Section 3.2.

Article 4

Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

4.1. Number and Qualification of Directors.

(a) Number. The Board shall consist of at least three and not more than seven directors (as determined by the Board), who shall be selected in accordance with this Article. Each director shall have one equal vote.

(b) *Qualifications.* Any natural person 18 years of age or older may serve as a director. Except as otherwise provided in Section 4.2, directors need not be Owners or residents of Avimor and may include local officials, business people, representatives of the public and private schools serving Avimor, and others selected in accordance with Section 4.2.

4.2. Selection of Directors; Term of Office.

The initial Board shall consist of the three directors identified in the Articles of Incorporation, who shall serve until their successors are appointed or elected as provided in this section. The terms of office of the initial directors shall be set as they among themselves determine at the first organizational meeting of the Board so that the term of one director shall expire one year from the date of such meeting, and the term of two directors shall expire two years from such date. During the "**Development and Sale Period**" (as such term is defined in the Residential Charter), the Founder shall be entitled to appoint directors to fill these three positions.

Prior to the termination of the Development and Sale Period, as determined in the discretion of the Founder, the size of the Board shall be expanded to five directors. The Board of Directors of the Residential Association (the "**Residential Board**") shall appoint one additional director to serve an initial term of two years and one additional director to serve an initial term of one year. The two directors appointed by the Residential Board are referred to as "**Residential Directors**," and the remaining three directors are referred to as the "**Directors-at-Large**."

The Board may elect upon the vote of a majority of the directors to increase the size of the Board to seven directors with the consent of the Founder during the Development and Sale Period. Upon such increase, one additional Residential Director shall be appointed by the Residential Board to serve an initial term of two years, and one additional Director-at-Large shall be appointed by the Directors-at-Large then in office to serve an initial term of one year.

Upon the expiration of the term of office of each Residential Director, the Residential Board shall be entitled to appoint a successor to serve a term of two years. After termination of the Development and Sale Period, prior to the expiration of the term of office of each Director-at-Large, the Directors-at-Large then in office shall appoint a successor to serve a term of two years. Directors may serve on the Board for up to three consecutive terms or six years, whichever is greater.

4.3. Resignation and Removal of Directors; Vacancies.

Any director may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date such notice is received or at a later date specified in the notice. Acceptance of resignation shall not be necessary to make it effective.

During the Development and Sale Period, the Founder shall have the sole authority to remove, with or without cause, and replace directors and to fill vacancies in any directorship for the unexpired portion of the term of a director who has been removed or vacated such position. Any Residential Director may be removed, with or without cause, by the Residential Board. The Residential Board shall have the authority to appoint a successor to fill any vacancy in the office of a Residential Director for the remainder of the term. After termination of the Development and Sale Period, any Director-at-Large may be removed, with or without cause, upon the vote of two-thirds of the remaining Directors-at-Large. The remaining

Directors-at-Large shall have the authority to appoint a successor to fill any vacancy in the office of a Director-at-Large for the remainder of the term.

B. Meetings.

4.4. Organizational Meeting.

The Board shall hold an organizational meeting within six months following incorporation of the ASO at such time and place as the Board shall fix.

4.5. Regular Meetings.

The Board shall hold regular meetings at such time and place as a majority of the directors shall determine from time to time, but the Board shall meet at least two times during each fiscal year with at least one meeting during the first six months and one meeting during the last six months of each fiscal year.

4.6. Special Meetings.

The President, Vice President, or any two directors may call a special meeting of the Board. The Secretary shall prepare and distribute written notice of any special meeting specifying the time and place of the meeting and the nature of any special business to be considered.

4.7. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. In addition, the notice of any meeting at which an amendment to these By-Laws is to be considered must state that the purpose, or one of the purposes, of the meeting is to consider the amendment, and the notice must be accompanied by a copy or summary of the amendment or state the general nature of the amendment. The Board shall notify each director of meetings by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at or sent to the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the ASO's records. The Board shall deposit notices sent by first class mail into a United States mailbox at least five business days before the day of the meeting. The Board shall give notices by personal delivery, telephone, or electronic communication at least 72 hours before the time set for the meeting.

(b) Except for emergency meetings, notice of each Board meeting shall be communicated to the Owners and residents in Avimor by posting notice of the meeting in a conspicuous place in Avimor, publishing in a newspaper or community newsletter, or posting on a community cable channel or intranet or Internet website generally known to the Owners and residents, or by similar means by which Owners and residents could reasonably be expected to have access. As an alternative to providing separate notice of each meeting, the Board may post or publish a schedule of upcoming, regular Board meetings.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

4.8. Telephonic Participation in Meetings.

Members of the Board or any committee the Board designates may participate in a Board or committee meeting by conference telephone or similar communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence at such meeting.

4.9. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless Idaho law, these By-Laws, or the Covenant specifically provide otherwise. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present may adjourn the meeting to a time not less than five or more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present the Board may transact, without further notice, any business it might have transacted at the original meeting.

4.10. Conduct of Meetings.

The President or any Board-approved designee shall preside over all Board meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions and all transactions occurring at such meetings are included in the ASO's records.

4.11. Open Meetings; Executive Session.

(a) Subject to the provisions of Section 4.11(b) and Section 4.12, all Board meetings shall be open to the Founder, all Owners, and all directors, officers, and authorized representatives of the Residential Association, but only directors may participate in any discussion or deliberation unless a director requests that attendees be granted permission to speak. In such case, the President may limit the time any such individual may speak.

(b) Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss matters protected by the attorney-client privilege, such as proposed, pending, or threatened litigation, or to discuss any other matter of a sensitive nature, if Idaho law permits.

4.12. Action Without a Formal Meeting.

Any Board action may be taken without a meeting if all of the directors sign a written consent, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

4.13. Powers.

The Board shall have all powers which Idaho law provides for nonprofit corporations and those necessary to administer the ASO's affairs, perform the ASO's responsibilities, and exercise the ASO's rights as set forth in the ASO Governing Documents and as provided by law. For purposes of illustration but not limitation, the Board shall have the power to:

- (a) provide for activities, services, and programs designed to further the missions of the ASO as set forth in the Covenant and these By-Laws;
- (b) adopt rules, regulations, or policies regulating the participation in activities, services, and programs sponsored by the ASO;
- (c) charge reasonable admission, use, or consumption fees for the use and enjoyment of the various services and programs provided by or through the ASO;
- (d) enforce the provisions of the Covenant and the ASO's rules and regulations and bring proceedings concerning the ASO, subject to the limitations set forth in the Covenant;
- (e) dedicate or transfer all or part of any real property it owns or mortgage, pledge, or hypothecate any or all of its real or personal property as security for obligations;
- (f) enter into leases or use agreements with other entities or individuals; and
- (g) appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution.

4.14. Duties.

The Board's duties shall include, without limitation:

- (a) overseeing the preparation of and adopting annual budgets as provided in the Covenant;
- (b) levying and collecting fees and other charges as authorized in the Covenant;
- (c) paying the cost of all Board-authorized services rendered to or on the ASO's behalf;
- (d) opening bank accounts on the ASO's behalf and designating the signatories required;

(e) designating, hiring, and dismissing personnel necessary to carry out the ASO's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(f) depositing all funds received on the ASO's behalf in a bank depository which it shall approve and using such funds to operate the ASO; however, in the Board's business judgment reserve funds may be deposited in depositories other than banks;

(g) obtaining and carrying liability and other insurance, as required by the ASO Governing Documents and as the Board, in the exercise of its business judgment, deems advisable; obtaining fidelity bonds on all individuals responsible for handling funds on the ASO's behalf; paying the cost of such insurance and bonds; and filing and adjusting claims, as appropriate;

(h) keeping a detailed accounting of the ASO's receipts and expenditures;

(i) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the ASO Governing Documents. The Board may establish and charge reasonable fees to cover its printing and mailing costs; and

(j) cooperating with the Residential Association in fulfilling its responsibilities under the Residential Charter.

Article 5 Officers

5.1. Officers.

The ASO's officers shall be a President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members; other officers may, but need not, be Board members. The Board may appoint such other officers, including a Vice President and one or more Assistant Secretaries and Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.2. Election and Term of Office.

The Board shall elect the ASO's officers at the first Board meeting of each calendar year to serve until their successors are elected.

5.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the ASO's best interests will be served and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

5.4. Powers and Duties.

The ASO's officers shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the ASO's chief executive officer. The Treasurer shall have primary responsibility for preparing the ASO's budgets as provided for in the Covenant and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both. The Secretary shall have responsibility for preparing minutes of Board and ASO meetings and for authenticating the ASO's records.

5.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at a later time specified therein. Unless the resignation specifies, acceptance of such resignation shall not be necessary to make it effective.

Article 6 Committees

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall have two or more members who serve at the pleasure of the Board and operate in accordance with the terms of such resolution. In the conduct of its duties and responsibilities, each committee shall abide by the notice and quorum requirements applicable to the Board under Sections 4.7 and 4.9. Except as otherwise provided by Board resolution or the ASO Governing Documents, members of a committee may act by unanimous written consent in lieu of a meeting.

Article 7 Standards of Conduct; Liability and Indemnification

7.1. Standards for Directors and Officers.

The Board shall exercise its powers in a reasonable, fair, nondiscriminatory manner and shall adhere to the procedures established in the ASO Governing Documents. In performing their duties, directors and officers shall act as fiduciaries and shall be insulated from liability as provided for directors of corporations under Idaho law and as otherwise provided by the ASO Governing Documents. Directors and officers shall discharge their duties as directors or officers, and as members of any committee to which they are appointed, in a manner that the director or officer believes in good faith to be in the best interest of the corporation and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under Idaho law.

7.2. Liability.

(a) A director or officer shall not be personally liable to the ASO, any Owner, or any other Person for any action taken or not taken as a director or officer if he or she has acted in accordance with Section 7.1.

(b) To the extent consistent with Idaho law, a director also shall not be personally liable for any action taken or not taken as a director if the director:

(i) acts within the expressed or implied scope of the ASO Governing Documents and his or her actions are not *ultra vires*;

(ii) affirmatively undertakes to make decisions which the director reasonably believes are necessary for the ASO's continued and successful operation and, when decisions are made, makes them on an informed basis;

(iii) acts on a disinterested basis, promptly disclosing any real or potential conflict of interests (pecuniary or other), and avoiding participation in decisions and actions on matters as to which he has a conflict of interest (beyond that which any director may have by virtue of his or her residency in Avimor or ownership of a Unit); and

(iv) acts in a non-fraudulent manner and without reckless indifference to the ASO's affairs.

(c) The ASO's officers, directors, and committee members of shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the ASO's behalf.

7.3. Indemnification.

Subject to the limitations of Idaho law, the ASO shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the ASO shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the ASO, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under Idaho law; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

(i) appropriation, in violation of his or her duties, of any business opportunity of the ASO;

(ii) willful or intentional misconduct or knowing violation of the law;

(iii) an unlawful distribution to members, directors or officers; or

- (iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The ASO shall, as an ASO expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.4. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in Idaho law, the Board may authorize the ASO to advance funds to pay for or reimburse the reasonable expenses incurred by a present or former officer, director, or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member of the ASO. The officer, director, or committee member must furnish the corporation a written affirmation of his good faith belief that he has met the standards of conduct set forth in Section 7.1.

7.5. Conflicts of Interest.

Unless otherwise provided by a majority of the other directors, no officer or director may transact business with the ASO or any ASO contractor during his or her term as an officer or director or within two years after the term expires. An officer or director shall promptly disclose in writing to the Board any actual or potential conflict of interest relative to his or her performance as an officer or director. Failure to make such disclosure shall be grounds for removal by a majority of the other directors.

Notwithstanding the above, directors appointed by the Founder may be employed by or otherwise transact business with the Founder or its affiliates, and the Founder may transact business with the ASO or its contractors, provided such business is transacted on a commercially reasonable basis.

Article 8 Management and Accounting

8.1. Compensation of Directors and Officers.

The ASO shall not compensate directors and officers for acting as such unless a majority of the directors consent in writing, excluding the director whose compensation is in question. The ASO may reimburse any director or officer for expenses he or she incurs on the ASO's behalf upon approval of a majority of the other directors. Nothing herein shall prohibit the ASO from compensating a director or officer, or any entity with which a director or officer is affiliated, for services or supplies he or she furnishes to the ASO in a capacity other than as a director or officer pursuant to a contract or agreement with the ASO. However, such director must make known his or her interest to the Board prior to entering into such contract, and a majority of the Board, excluding any interested director, must approve such contract.

8.2. Managing Agent.

The Board may employ for the ASO one or more professional management agents at such compensation as the Board may establish to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate

policy-making authority or ultimate responsibility for those duties set forth in Section 4.14. The Board may employ the Founder or its affiliate as managing agent or manager.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the managing agent or manager which might arise between Board meetings.

The managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the ASO, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the ASO. The managing agent shall promptly disclose to the Board any financial or other interest that it may have in any firm providing goods or services to the ASO.

8.3. Accounts and Reports.

(a) The Board shall follow the following accounting standards unless the Board by resolution specifically determines otherwise:

- (i) accounting and controls should conform to generally accepted accounting principles; and
- (ii) the ASO's cash accounts shall not be commingled with any other accounts, and operating accounts shall not be commingled with reserve accounts (if any);

(b) Commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the ASO within 60 days after the end of each quarter:

- (i) an income statement reflecting all income and expense activity for the preceding period;
- (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
- (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
- (iv) a balance sheet as of the last day of the preceding period; and
- (v) a delinquency report listing all Owners who are delinquent in paying any amounts due to the ASO at the time of the report.

(c) An annual report consisting of at least the following shall be made available for Owners' review within 180 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines.

8.4. Borrowing.

The ASO shall have the power to borrow money for any legal purpose and to pledge its property and future income as collateral for the debt.

8.5. Right to Contract.

The ASO shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with the Residential Association, trusts, condominiums, cooperatives, and other owners or residents associations within and outside Avimor.

8.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All ASO agreements, contracts, deeds, leases, checks, and other instruments shall be executed by at least two officers or by such other person or persons as the Board may designate by resolution.

Article 9

Remedies for Violations and Misconduct

9.1. Authority; Sanctions.

(a) Subject to compliance with the procedures described in Section 9.2, the Board shall have the right to impose sanctions for violations of its rules, which may include but need not be limited to:

- (i) reasonable monetary fines (subject to the limitations under Idaho law), which shall be levied as an assessment and constitute a lien upon the violator's property; and
- (ii) suspension of the privilege of using any services or participating in any programs that the ASO provides or sponsors.

The ASO shall have the right to recover any costs incurred by the ASO as a result of the negligence or misconduct of any Person using property owned by the ASO or participating in programs or events sponsored by the ASO. On its own initiative or upon filing of a written complaint by any Owner or resident of Avimor, the Board may investigate the facts and circumstances and, if the Board determines appropriate, may proceed in accordance with this Article.

In addition, the Board may elect to file suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedures described in Section 9.2. All remedies are cumulative of any remedies available at law or in equity. If the ASO prevails in any legal action, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs reasonably incurred in such action.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

- (i) the ASO's position is not strong enough to justify taking any or further action;
- (ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the ASO's resources; or

(iv) that it is not in the ASO's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed as a waiver of the ASO's right to enforce such provision at a later time under other circumstances or preclude the ASO from enforcing any other covenant, restriction, or rule. Decisions as to whether to institute litigation are no different than other decisions the directors make. There is no independent legal obligation to bring a civil action against another party, and the Board shall have no duty to sue under any circumstances.

9.2. Imposition of Sanctions.

The Board shall comply with the following procedures prior to imposing sanctions against any Owner:

(a) Notice and Response. The Board or its delegate shall serve the alleged violator with written notice by first class or certified mail, return receipt requested: (i) describing the nature of the alleged violation or the property damage which is the basis of the proposed sanction or amount due to the ASO; (ii) setting forth the proposed sanction to be imposed; (iii) informing the alleged violator that he or she shall have 15 days after receipt of the notice to present a written request for a hearing before the Board; (iv) if the violation is curable, informing the alleged violator that he or she may avoid the proposed sanction by curing the violation within a reasonable cure period stated in the notice, except that the ASO shall have no obligation to provide a cure period if the alleged violator has been given notice of a similar violation within the preceding six months; and (v) informing the alleged violator that the proposed sanction may be imposed as contained in the notice unless a hearing is requested within 15 days of the notice.

The alleged violator shall respond to the notice of the alleged violation in writing within such 15-day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction. If the alleged violator cures the alleged violation and notifies the Board in writing within such 15-day period the Board may, but shall not be obligated to, waive the sanction. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 15-day period.

Prior to the effectiveness of sanctions imposed pursuant to this Article, proof of proper notice shall be placed in the minutes of the Board. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

(b) Hearing. If a hearing is requested within the allotted 15-day period, the hearing shall be held before the Board in executive session within 30 days after the receipt of the alleged violator's request, but in any event at least five days prior to the imposition of the sanction. Either the Board or the alleged violator may request a postponement of up to 10 days, and such postponement shall be granted. Additional postponements may be granted upon agreement of both parties. The Board shall notify the alleged violator of the time, date, and place of the hearing at least 10 days prior to the hearing. At the hearing, the alleged

violator shall be afforded a reasonable opportunity to be heard. The minutes of the Board meeting shall contain a written statement of the results of the hearing (*i.e.*, the Board's decision) and the sanction, if any, to be imposed. Written notice of the decision shall be mailed to the alleged violator within three days after the hearing.

Article 10

Miscellaneous

10.1. Fiscal Year.

The ASO's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

10.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of ASO proceedings when not in conflict with Idaho law or the ASO Governing Documents.

10.3. Books and Records.

(a) *Inspection by Owners and Mortgagees.* The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any Owner, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the ASO Governing Documents, books of account, and the minutes of meetings of the Board and committees. The Board shall provide for such inspection to take place within 10 business days after receipt of a written request for access at the ASO's office or at such other place within Avimor as the Board shall designate.

(b) *Rules for Inspection.* The Board may establish rules with respect to:

- (i) the frequency and manner of inspection;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing documents requested.

(c) *Inspection by Directors.* Every director shall have the absolute right at any reasonable time to inspect all ASO books, records, and documents and the physical properties owned or controlled by the ASO. A director's right of inspection includes the right to make a copy of relevant documents at the ASO's expense.

10.4. Notices.

(a) *Form of Notice and Method of Delivery.* Except as otherwise provided in the Covenant or these By-Laws or by Idaho law, all notices, demands, bills, statements, or other communications under the Covenant or these By-Laws shall be in writing and may be delivered in person, by United States mail, by pri-

vate carrier, or if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission.

(b) Delivery Address. Notices shall be delivered or sent to the intended recipient as follows:

(i) if to an Owner, at the address, telephone facsimile number, or e-mail address the Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Owner;

(ii) if to the ASO, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the ASO or its managing agent or at such other address as the ASO shall designate by notice in writing to the Owners pursuant to this section; or

(iii) if to the Founder, at the Founder's principal address as it appears on the Secretary of State's records or at such other address as the Founder shall designate by notice in writing to the ASO pursuant to this section.

(c) Effective Date. Notice sent in accordance with Sections 10.4(a) and (b) shall be deemed to have been duly given and effective if:

(i) sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) sent by telephone facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

10.5. Amendment.

These By-Laws may be amended upon approval of at least two-thirds of the directors, with the consent of the Founder so long as the Founder owns any Unit or has an unexpired option to submit additional property to the Residential Charter. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment shall be prepared and signed by the President or Vice President and by the Secretary or Treasurer certifying that the requisite approval was obtained.

Amendments to these By-Laws shall become effective upon recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of the Founder without the Founder's written consent, or the consent of the assignee of such right or privilege.


CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Avimor Stewardship Organization, Inc., an Idaho nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of the ASO, as duly adopted by resolution of the Board of Directors thereof on the 1ST day of April, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said ASO this 1ST day of April, 2008.

 [SEAL]
Secretary

