

BY-LAWS

OF

RIVER RUN PHASE 3-B LOCAL ASSOCIATION, INC.

ARTICLE I

GENERAL PLAN OF OWNERSHIP

Section 1. Name. The name of the corporation is RIVER RUN PHASE 3-B LOCAL ASSOCIATION INC., hereinafter referred to as the "Phase 3-B Association." The principal office of the Phase 3-B Association shall be located in Ada County, Idaho.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to Phase 3-B of the planned unit development known as River Run ("hereinafter called Property"), a subdivision located in the City of Boise, Ada County, State of Idaho, described in the Declaration of Covenants, Conditions and Restrictions for River Run and the amendments and supplements thereto, recorded or to be recorded in the Office of the County Recorder, Ada County, Idaho ("River Run Declaration").

Section 3. Personal Application. All present and future Owners and their tenants, future tenants, employees, and any other person that might use the facilities owned and/or managed by the Phase 3-B Association in any manner, are subject to the regulations set forth in these By-Laws and in the River Run Declaration.

The mere acquisition or rental of any of the Building Lots of the Property or the mere act of occupancy of any of the Building Lots will signify that these By-Laws are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF DELEGATES, QUORUM, PROXIES

Section 1. Voting. Except for the Class B membership as provided for in the Articles of Incorporation and the River Run Declaration, and except as may be otherwise provided in the River Run Declaration, each Member shall be entitled to one vote for each Building Lot owned by such Members.

Section 2. Majority of Delegates. As used in these By-Laws, the term "majority of Members" shall mean those Members holding fifty-one percent (51%) of the voting power of each class of membership in the Phase 3-B Association.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the Articles of Incorporation or the River Run Declaration, the presence in person or by proxy of the Delegates holding at least twenty-five percent (25%) of each class of the voting membership of the Phase 3-B Association shall constitute a quorum of the membership. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary at least twenty-four (24) hours before the appointed time of each meeting. Every proxy shall be revocable at the pleasure of the Member who executed it and shall automatically cease after completion of the meeting of which the proxy was filed, if filed for a particular meeting. In no event shall a proxy be valid after eleven (11) months from the date of its execution.

ARTICLE III

ADMINISTRATION

Section 1. Phase 3-B Association Responsibilities. The Phase 3-B Association shall have the responsibility of administering the Local Common Area owned and/or managed by the Phase 3-B Association, as specified in the River Run Declaration, establishing a Local Architectural Committee and a Phase 3-B Homowners Association, providing exterior maintenance for the Building Structures located on the Property, providing for maintenance and repair of certain Landscaped Areas, and providing property insurance for the Building Structure located on the Property, as specified in the River Run Declaration, approving the annual budget, establishing and collecting all assessments, and arranging for the management of the same pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the Manager. Except as otherwise provided, decisions and resolutions of the Phase 3-B Association shall require a vote or written consent of a majority of a quorum of the Members of the Phase 3-B Association.

Section 2. Place of Meetings. Meetings of the Phase 3-B Association shall be held on the Property, or such other suitable place close to the Property as practicable in Ada County as may be designated by the Board of Directors, and shall be conducted in accordance with Robert's Rules of Order.

Section 3. Annual Meetings. The first annual meeting shall be held within the first two (2) months of the first calendar year following the first sale of a Building Lot in the Property. Thereafter, the annual meetings of the Phase 3-B Association shall be held on the anniversary date of the first annual meeting; provided, however, that should the anniversary

date fall on a legal holiday or weekend day, then such annual meeting of the Members shall be held on the next day thereafter which is not a legal holiday or a weekend day; provided, however, that the annual meeting may be held at such other date as is specified by the Board of Directors. At each annual meeting there shall be elected by ballot of the Members a Board of Directors, a River Run Homeowners Association Delegate and a River Run Recreation Association No. 1 Delegate, in accordance with the requirements of Section 5 of Article IV of these By-Laws. At the first meeting, the Directors and the Delegates shall be elected to serve until the second annual meeting, and at the second annual meeting, Directors shall be elected for a term of one (1) year beginning with the second annual meeting. The Members may also transact such other business of the Phase 3-B Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Members, as directed by resolution of the Board of Directors, or upon a petition signed by a majority of Members and having been presented to the Secretary. The notice of all regular and special meetings shall be given by regular mail or telegram to all Members not less than ten (10) days nor more than thirty (30) days prior to the time of each meeting and shall state the date, hour and place of such meeting and the nature of the business to be undertaken. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of the Members holding at least four-fifths (4/5) of each class of voting membership in the Phase 3-B Association, either in person or by proxy.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record, at least ten (10) but not more than thirty (30) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, after said notice has been deposited in a regular depository of the United States mail. If no address has been furnished the Secretary, notice shall be deemed to have been given to a Member if posted in a conspicuous place on the Property.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Members holding at least twenty-five percent (25%) of each class of voting membership in the Phase 3-B Association. Such adjourned meetings may be held

without notice thereof as provided in this Article III, except that notices shall be given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election; (g) election of Directors; (h) election of Delegates; (i) unfinished business; and (j) new business. Meetings of Members shall be conducted by the officers of the Phase 3-B Association, in order of their priority.

Section 8. Action Without Meeting. Any action, which under the provisions of the Idaho Nonprofit Corporation Act may be taken at a meeting of the Members, may be taken without a meeting if authorized in writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

Section 9. Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if either before or after the meeting each of the Members not present in person or by proxy signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The property, business and affairs of the Phase 3-B Association shall be governed and managed by a Board of Directors composed of three (3) persons, who need not be Members of the Phase 3-B Association. Directors shall not receive any stated salary for their services as Directors; provided, however, that nothing herein contained

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shall be construed to preclude any Director from serving the Phase 3-B Association in some other capacity and receiving compensation therefor.

Section 2. Powers and Duties. The Board of Directors has the powers and duties necessary for the administration of the affairs of the Phase 3-B Association and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done exclusively by the Owners. Provided, however, that prior to the first annual meeting of the Members of the Phase 3-B Association, the Board of Directors shall not enter into any management service contract for a term in excess of one (1) year without the approval of a majority of Members, unless such contract contains reasonable provisions for cancellation (such as upon sixty [60] days written notice by the Phase 3-B Association following one [1] year from the date of commencement of such contract).

Section 3. Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as set forth in the River Run Declaration, the Board of Directors is vested with, and responsible for, the following powers and duties:

(a) To select, appoint and remove all officers, agents, and employees of the Phase 3-B Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the River Run Declaration and these By-Laws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) To conduct, manage and control the affairs and business of the Phase 3-B Association, and to make and enforce such rules and regulations therefor consistent with law, with the Articles of Incorporation, the River Run Declaration and these By-Laws, as the Board may deem necessary or advisable.

(c) To change the principal office for the transaction of the business of the Phase 3-B Association from one location to another within the County of Ada, State of Idaho, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Article III, Section 2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time as the Board in its sole judgment may deem best, provided that such seal shall at all times comply with the provisions of law.

(d) To borrow money and to incur indebtedness for the purposes of the Phase 3-B Association, and to cause to be executed and delivered therefor, in the Phase 3-B Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities

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therefor; subject, however, to the limitations set forth in the Articles of Incorporation and the River Run Declaration.

(e) To fix and levy from time to time Regular Assessments, Special Assessments, and Limited Assessments upon the Owners, as provided in the River Run Declaration; to determine and fix the due date for the payment of such Assessments, and the date upon which the same shall become delinquent; provided, however, that such Assessments shall be fixed and levied only to provide for the payment of the expenses of the Phase 3-B Association, and of the taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Phase 3-B Association, or for the payment of expenses for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property, or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Phase 3-B Association for the general benefit and welfare of the Owners, in accordance with the provisions of the River Run Declaration, including providing exterior maintenance of the Building Structures, maintenance and repair of certain Landscaped Areas, and property insurance as specified in the River Run Declaration. The Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Phase 3-B Association or welfare of the Owners. The funds collected by the Board of Directors from the Owners, attributable for replacement reserves, for maintenance, recurring less frequently than annually, and for capital improvements, shall at all times be held in trust for the Owners and shall not be commingled with other Assessments collected from the Owners. Such Regular Assessments, Special Assessments and Limited Assessments shall be fixed in accordance with the provisions of the River Run Declaration. Should any Owner fail to pay such Assessments before delinquency, the Board of Directors in its discretion, is authorized to enforce the payment of such delinquent Assessments as provided in the River Run Declaration.

(f) To enforce the provisions of the River Run Declaration covering the Property, these By-Laws or other agreements of the Phase 3-B Association.

(g) To contract for and pay for, casualty, blanket, liability, malicious mischief, vandalism and other insurance, insuring the Owners, the Phase 3-B Association, the Delegates, the Board of Directors and other interested parties, in accordance with the provisions of the River Run Declaration, covering and protecting against such damages or injuries as the Board deems advisable, which may include, without limitation, medical expenses of persons injured on the Property, and to bond the agents and employees of any management body, if deemed advisable by the Board.

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(h) To operate, maintain and otherwise manage or provide for the operation, maintenance and management of the Local Common Area, and to contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the Local Common Area, and to employ personnel necessary for the operation of the Local Common Area, including legal and accounting services, and to contract for and pay for improvements and any recreational facilities on the Local Common Area. In case of damage by fire or other casualty to the property owned and/or managed by the Phase 3-B Association, if insurance proceeds exceed Twenty-Five Thousand Dollars (\$25,000), or the cost of repairing or rebuilding exceeds available insurance proceeds by more than Five Thousand Dollars (\$5,000), then the Board of Directors shall obtain firm bids from two or more responsible contractors to rebuild any portion of the said property in accordance with the original plans and specifications with respect thereto, and shall, as soon as possible thereafter, call a special meeting of the Members to consider such bids. At such special meeting, the Members may by three-fourths (3/4) of the voting power cast, elect to reject such bids and thus not to rebuild. Failure to thus reject such bids shall be deemed acceptance of such bid as may be selected by the Manager.

(i) To delegate its powers according to the law and subject to the approval of the Owners, to adopt these By-Laws.

(j) To grant easements where necessary for utilities and sewer facilities over the Local Common Area, to serve the Property.

(k) To fix, determine and name from time to time, if necessary or advisable, the public agency, fund, foundation or corporation which is then or there organized or operated for charitable purposes, to which the assets of this Phase 3-B Association shall be distributed upon liquidation or dissolution, according to the Articles of Incorporation of the Phase 3-B Association. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Phase 3-B Association, and after distribution of all property held or acquired by the Phase 3-B Association under the terms of a specific trust or trusts.

(l) To adopt, amend, and repeal by majority vote of the Board, rules and regulations as to the Phase 3-B Association deemed reasonable and necessary.

(m) To pay all real and personal property taxes and assessments levied against the Local Common Area, owned and/or managed by the Phase 3-B Association.

Section 4. Management Agent. The Board of Directors may employ for the Phase 3-B Association a management agent (Manager) at a compensation established by the Board to perform such duties

and services as the Board shall authorize, including, but not limited to, the duties listed in Section 3 of this Article IV.

Section 5. Election and Term of Office. At the first annual meeting of the Phase 3-B Association, and thereafter at each annual meeting of the Members, new Directors and Delegates shall be elected by written ballot by a majority of Members as provided in these By-Laws. In the event that an annual meeting is not held, or the Directors and the Delegates are not elected thereat, the Directors and Delegates may be elected at any special meeting of the Members held for that purpose. Each Director and Delegate shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Any person serving as a Director or a Delegate may be re-elected, and there shall be no limitation on the number of terms during which he may serve.

Section 6. Books, Audit. The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Phase 3-B Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals shall obtain an independent certified audit of such books and records. A copy of each such audit shall be delivered to each Member within thirty (30) days after the completion of such audit. An annual operating statement reflecting income and expenditures of the Phase 3-B Association shall be distributed to each Member within ninety (90) days after the end of each fiscal year.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Phase 3-B Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Members of the Phase 3-B Association, or at a special meeting of the Members called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in the case the Members fail to elect the full number of authorized Directors at any meeting at which such election is to take place.

Section 8. Removal of Directors. At any regular or special meeting of the Members duly called, any one or more of the Directors may be removed with or without cause by a majority of Members and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If any or all of the Directors are so removed, new Directors may be elected at the same meeting.

Section 9. Organization Meeting. The first regular meeting of a newly elected Board of Directors shall be held within ten (10) days of the election of the Board, at such place as shall be fixed and announced by the Directors at the meeting at which such Directors were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

Section 10. Other Regular Meetings. Other regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a resolution adopted by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting, unless the time and place of such meetings is announced at the Organization Meeting, in which case such notice of other regular meetings shall not be required.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President, or, if he is absent or refuses to act, by the Vice President, or by any two (2) Directors. At least two (2) days' notice shall be given to each Director, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Phase 3-B Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Director, as required by law and as provided herein.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting each of the Directors not present signs such a written waiver of notice, a consent to holding such meeting, or

an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Phase 3-B Association or made a part of the minutes of the meeting.

Section 13. Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the vote or written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 15. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Phase 3-B Association handling or responsible for Phase 3-B Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Phase 3-B Association.

Section 16. Committees. The Board of Directors, by resolution, may from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purpose of the committee, and shall provide for reports, termination, and other administration matters as deemed appropriate by the Board.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Phase 3-B Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be Directors. One person may hold two or more offices, except those of President and Secretary.

Section 2. Election of Officers. The officers of the Phase 3-B Association shall be elected annually by the Board of

Directors at the Organizational Meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Directors any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Phase 3-B Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 4. Compensation. Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board. Appointment of any officer, agent or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent or employee, provided that no officer, employee or Director or Grantor or any affiliate of Grantor may receive any compensation.

Section 5. President. The President shall be the chief executive officer of the Phase 3-B Association. He shall preside at all meetings of the Phase 3-B Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a nonprofit corporation, including, but not limited to, the power, subject to the provisions of Article IV, Section 16, to appoint committees from among the Members and Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Phase 3-B Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Phase 3-B Association. The President shall be ex-officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors of these By-Laws of the Phase 3-B Association.

Section 6. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these By-Laws of the Phase 3-B Association.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Phase 3-B Association at the principal office of the Phase 3-B Association or such other place as the Board of Directors may order. The Secretary shall keep the seal of the Phase 3-B Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Phase 3-B Association and of the Board of Directors required by these By-Laws or by law to be given. The Secretary shall maintain a book of record Owners, listing the names and addresses of the Owners as furnished the Phase 3-B Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Building Lot is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

Section 8. Treasurer. The Treasurer shall have responsibility for Phase 3-B Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts of the property owned by the Phase 3-B Association, tax records and business transactions of the Phase 3-B Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Phase 3-B Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Phase 3-B Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Phase 3-B Association as may be ordered by the Board of Directors in accordance with the River Run Declaration, shall render to the President and Directors upon request, an account of all of his transactions as Treasurer and of the financial condition of the Phase 3-B Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

ARTICLE VI

OBLIGATIONS OF OWNERS

Section 1. Assessments.

(a) All Members are obligated to pay, in accordance with the provisions of the River Run Declaration, all Assessments imposed by the Phase 3-B Association, to meet all expenses of the Phase 3-B Association, which may include, without limitation, a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard, as more fully provided in Article IV, Section 3 of these By-Laws. Except as otherwise pro-

vided in the River Run Declaration with respect to the collection of Special Limited Assessments or Limited Assessments, the Assessments shall be made equally among the Building Lots owned.

(b) All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the River Run Declaration.

Section 2. Maintenance and Repair.

(a) Except with respect to the exterior maintenance as specified in the River Run Declaration, every Owner must perform promptly, at his sole cost and expense, all maintenance and repair work on its Building Lot as required under the provisions of the River Run Declaration. As further provided in the River Run Declaration, all plans for alterations and repair of improvements on the Property must receive the prior written consent of the Architectural Committee. The Architectural Committee shall establish reasonable procedures for the granting and denial of such approval, in accordance with the River Run Declaration.

(b) As further provided in the River Run Declaration, each Owner shall reimburse the Phase 3-B Association for any expenditures incurred in repairing or replacing any portion of the property owned or controlled by the Phase 3-B Association which are damaged through the fault of the Owner, and each Owner shall promptly reimburse the Phase 3-B Association for the cost of repairing, replacing and/or maintaining the Owner's Building Lot which has fallen into disrepair and which the Phase 3-B Association has repaired, replaced or maintained pursuant to the River Run Declaration. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these By-Laws or the River Run Declaration.

ARTICLE VII

AMENDMENTS TO BY-LAWS

These By-Laws may be amended by the Phase 3-B Association in a duly constituted meeting of the Members for such purpose as provided in the Articles of Incorporation. No amendment to these By-Laws shall take effect unless approved by at least a majority of a quorum of the Members.

ARTICLE VIII

MEANING OF TERMS

Except as provided below, all terms appearing herein initially capitalized shall have the same meanings as are applied to such terms as the River Run Declaration, which terms include without limitation: "Grantor", "Owner", "Board", "Delegate", "Building Lot", "Articles", "Member", "Assessments", "Local

Association", "Common Area" and "Local Common Area". "Property" shall mean Phase 3-B River Run Subdivision, according to the official plats and amendments thereto.

ARTICLE IX

CONFLICTING PROVISIONS

In case any of these By-Laws conflict with any provisions of the laws of the State of Idaho, such conflicting By-Laws shall be null and void upon final court determination to such effect, but all other By-Laws shall remain in full force and effect. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the River Run Declaration and these By-Laws, the River Run Declaration shall control.

ARTICLE X

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Board of Directors, with the written approval of a majority of Members, may authorize the Phase 3-B Association to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, a present or former director, officer, or employee of the Phase 3-B Association in an action brought by a third party against such person, whether or not the Phase 3-B Association is joined as a party defendant, to impose a liability or penalty on such person for an act alleged to have been committed by such person while a director, officer, or employee; provided, the Board of Directors determines in good faith that such director, officer or employee was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interests of the Phase 3-B Association or its Members. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Section shall apply to the estate, executor, administrator, heirs, legatees, or devisees of a director, officer or employee, and the term "person" where used in the forgoing Section shall include the estate, executor, administrator, heirs, legatees, or devisees of such person.

ARTICLE XI

MISCELLANEOUS

Section 1. Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Phase 3-B Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 2. Execution of Documents. The Board of Directors, except as in these By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Phase 3-B Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Phase 3-B Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 3. Inspection of By-Laws. The Phase 3-B Association shall keep in its office for the transaction of business the original or a copy of these By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times during office hours.

Section 4. Fiscal Year. The fiscal year of the Phase 3-B Association shall be determined by the Board of Directors, and having been so determined, is subject to change from time to time as the Board of Directors shall determine.

Section 5. Membership Book. The Phase 3-B Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Termination or transfer of ownership of any Building Lot by an Owner shall be recorded in the book, together with the date on which such ownership was transferred, and the new Owner shall be incorporated into the book in accordance with the provisions of the River Run Declaration and the Articles of Incorporation.


CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of RIVER RUN PHASE 3-B LOCAL ASSOCIATION, INC., an Idaho non-profit corporation; and

2. The foregoing By-Laws comprising 16 pages including this page constitute the By-Laws of the River Run Phase 3-B Local Association, Inc., were duly adopted by the Board of Directors pursuant to that "Consent of Directors of the River Run Phase 3-B Local Association, Inc., in Lieu of First Meeting" dated the 28th day of September, 1984.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Corporation this 28th day of September, 1984.


Secretary, River Run Phase 3-B
Local Association, Inc.

(SEAL)