

BYLAWS

OF

HIDDEN SPRINGS TOWN ASSOCIATION, INC.

ARTICLE 1 GENERAL PLAN OF OWNERSHIP

Section 1.1 Name. The name of the corporation is HIDDEN SPRINGS TOWN ASSOCIATION, INC. (the "Town Association"). The principal office of the Town Association shall be located at 5892 West Hidden Springs Drive, Boise, Idaho 83703, in Ada County, Idaho.

Section 1.2 Bylaws Applicability. The provisions of these Bylaws are applicable to the Hidden Springs Property, a rural community incorporating a mix of residential and other land uses in harmony with the existing environment located in the County of Ada, State of Idaho, generally provided for in the Master Declaration of Covenants, Conditions and Restrictions for Hidden Springs Planned Rural Community, recorded in the office of the County Recorder, Ada County, Idaho as Instrument No. 98091525, as amended and supplemented from time to time (the "Master Declaration").

Section 1.3 Personal Application. All present and future Owners or Persons holding an interest in the Hidden Springs Property and their respective successors in interest and any other Person that might use the facilities or property owned and/or managed by the Town Association in any manner, are subject to the regulations set forth in these Bylaws, the Master Declaration and the Community Documents. The mere acquisition or rental of any Lot or the mere act of occupancy of any Lot will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE 2 VOTING, QUORUM, PROXIES

Section 2.1 Voting. The Town Association shall have two classes of memberships:

Class A. Class A Members shall be all of the Owners. Each Class A Member shall be entitled to one (1) vote for each Lot in which the Class A Member holds the interest required for membership in the Town Association, except as otherwise provided in a Supplement.

Class B. The Class B Member shall be the Town Founder. The Class B Member shall be entitled to five (5) votes for each of the 915 anticipated residential Lots within Hidden Springs, currently 4575 votes (915 Lots x 5 votes), less five (5) votes for each Lot owned by a Person other than Town Founder within the Hidden Springs Property, provided that the Class B Membership shall cease (the "Class B Member Termination Date") on the first to occur of (i) the date ten (10) years from the recordation of the Master Declaration or (ii) the date Town Founder's Class B Member votes in the Town Association are equal to or less than the Class A Member votes.

In the event that the number of anticipated residential Lots within Hidden Springs is increased beyond 915, the Class B Member shall be entitled to an additional five (5) votes for each such additional Lot provided Town Founder, in its sole discretion, has executed and recorded an amendment to Section 3.1.3 of the Master Declaration setting forth the number of such additional anticipated residential Lots prior to the Class B Termination Date.

Section 2.2 Quorum. Except as otherwise provided in these Bylaws, the Articles or the Master Declaration, the presence in person or by proxy of the Members representing more than two thirds (2/3) of the total votes of the Town Association shall constitute a quorum. 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. If any meeting cannot be held because a quorum is not present, the Members present 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 scheduled, without notice other than announcement at the meeting. At such second meeting, the presence of Members representing no less than one half (1/2) of the total voting power of the Town Association shall constitute a quorum.

Section 2.3 Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Town Association's 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 the proxy 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 3 ADMINISTRATION

Section 3.1 Function. The Town Association shall have the responsibility for, among other things, maintaining, improving, operating, repairing or replacing the Common Area, Restricted Area and Maintenance Property, including all Improvements thereon, owned, managed and/or administered by the Town Association, enforcement of the Covenants, levying and collection of Assessments to fund all of the Town Association's responsibilities and otherwise engaging in activities which shall actively foster the health, safety and welfare of the residents of Hidden Springs. Except as otherwise provided in the Master Declaration, decisions and resolutions of the Town Association shall require an affirmative vote of the Members present at an annual or special meeting of the Town Association at which a quorum is present and representing a majority of the total voting power at the meeting.

Section 3.2 Place of Meetings: Meetings of the Town Association shall be held on the Hidden Springs Property or such other suitable place as close to the Hidden Springs Property as practicable in Ada County as may be designated by the Town Council, and shall be conducted in accordance with Robert's Rules of Order.

Section 3.3 Annual Meetings. The Town Association shall hold an annual meeting each year and the first annual meeting shall be held within the first twelve (12) months following the close of the first sale of a Lot to a Person other than a Builder, and each subsequent regular annual meeting

of the Members shall be held on the same day of the same month of each year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. The Members may also transact such other business of the Town Association as may properly come before them at any such annual meeting.

Section 3.4 Special Meetings. It shall be the duty of the Town Association's president to call a special meeting of the Town Association as directed by resolution of the Town Council, or upon request of the Town Founder or upon a petition signed by Members representing one-third (1/3) of the total voting power in the Town Association. The notice of all regular and special meetings shall be given as provided in Section 3.5 of these Bylaws, and shall state 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 representing more than two thirds (2/3) of the total voting power in the Town Association, either in person or by proxy.

Section 3.5 Notice of Meetings. Notice of annual or special meetings of the Town Association shall be delivered, mailed or faxed to all Members and shall be given not less than ten (10) days nor more than thirty (30) days prior to the time of said meeting and shall set forth the place, date and hour of the meeting, and the nature of the business to be undertaken, by the president of the Town Association. The mailing of a notice, postage prepaid, in the manner provided in this Section 3.5, 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 to the Town Association's secretary, notice shall be deemed to have been given to a Member if posted in a conspicuous place on the Hidden Springs Property.

Section 3.6 Order of Business. The order of business at all annual meetings 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) unfinished business; and (g) new business.

Section 3.7 Action Without Meeting. Any action, which under the provisions of the Idaho Nonprofit Town Association Act may be taken at a meeting of the Town Association, 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 Town Association's secretary. Any action so approved shall have the same effect as though taken at a meeting of the Members.

Section 3.8 Consent of Absentees. The transactions of any meeting of the Town Association, either annual or special, however called and noticed, shall be as valid as though transacted 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 signed 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 part of the minutes of the meeting.

Section 3.9 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings, when signed by the Town Association's President, shall be presumed

truthfully to evidence the matters set forth therein. A recitation in the minutes of any meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE 4 TOWN COUNCIL

Section 4.1 Number and Qualification. The Hidden Springs Property and the Town Association's business and affairs shall be governed and managed by the Town Council selected as follows:

(a) Until the Class B Member Termination Date, the Town Council shall consist of not less than three (3) Directors nor more than five (5) Directors appointed by the Class B Member in the Class B Member's sole discretion.

(b) Subsequent to the Class B Member Termination Date, the Town Council shall consist of five (5) Directors elected by majority vote of the Class A Members of the Town Association, at meetings held from time to time for such purpose.

The Town Council shall be comprised of the Directors elected pursuant to the Master Declaration's terms and conditions, and, except for Directors appointed by Town Founder prior to the Class B Member Termination Date, all other Directors shall be Members.

Section 4.2 Powers and Duties. The Town Council has the powers and duties necessary for the administration of the affairs of the Town Association, as more fully set forth in the Master Declaration, and may take all actions authorized by the Master Declaration except as prohibited by law or as provided in the Master Declaration to be performed by the Owners, Members and/or Town Founder.

Section 4.3 Special Powers and Duties. Without prejudice to such foregoing general powers and duties, and such powers and duties as set forth in the Master Declaration, the Town Council is vested with, and responsible for, the following powers and duties:

(a) To select, appoint and remove all officers, agents, and employees of the Town Association, to prescribe such powers and duties for them as may be consistent with law, the Articles, the Master Declaration, and these Bylaws; to fix their compensation, if any, and to require from them security for faithful service when deemed necessary or advisable by the Town Council;

(b) To conduct, manage and control the affairs and business of the Town Association, and to make and enforce such rules and regulations therefor consistent with law, the Articles, the Master Declaration, and these Bylaws, as the Town Council may deem necessary or advisable;

(c) To change the principal office for the transaction of the business of the Town Association from one location to another within the County of Ada, State of Idaho, as provided in Section 1.1 hereof; to designate any place within said County for the holding of any

annual or special meeting or meetings of the Town Association consistent with the provisions of Section 3.2 hereof; and to adopt and use a corporation seal and to alter the form of such seal from time to time as the Town Council 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 Town Association, and to cause to be executed and delivered therefor, in the Town Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefor; subject, however, to the limitations set forth in the Articles and the Master Declaration;

(e) To enforce the provisions of the Master Declaration, the Community Documents, these Bylaws or other agreements of the Town Association;

(f) To contract for and pay for, casualty, blanket, liability, malicious mischief, vandalism and other insurance, insuring the Owners, the Town Association, the Town Council, the Town Design Review Board and other interested parties, in accordance with the provisions of the Master Declaration, covering and protecting against such damages or injuries as the Town Council deems advisable, which may include without limitation, medical expenses of persons injured on the Common Area, Restricted Area, and Maintenance Property, and to bond the agents and employees of any management body, if deemed advisable by the Town Council;

(g) To delegate the Town Association's powers and duties to committees, officers, employees or to any Person to act as a manager, and to contract with a Neighborhood Association, if any, for maintenance, improvement, operation, repair or replacement of the Common Area, Restricted Area or Maintenance Property;

(h) 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 Town Association may be distributed upon liquidation or dissolution according to the Articles unless such assets shall be distributed to Owners of Lots as more particularly provided in the Articles. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Town Association, and after distribution of all property held or acquired by the Town Association under the terms of a specific trust or trusts;

(i) To adopt, amend, and repeal the Association Rules by majority vote of the Town Council as deemed necessary or advisable in the Town Council's sole discretion; and

(j) To pay all real and personal property taxes and assessments levied against the Common Area, Restricted Area and Maintenance Property owned, administered or managed by the Town Association.

Section 4.4 Election, Nomination and Term of Office. Prior to the Class B Member Termination Date, the Town Council shall consist of the Directors elected pursuant to the terms and

conditions enunciated in the Master Declaration and a Director so elected need not be a Member, and there shall be no limitation on the number of times such Director may be re-elected; provided, however, that each term shall be for a duration of one (1) year. Each Director shall hold office until a successor has been elected or until death, resignation, removal or judicial adjudication of mental incompetence. Following the Class B Member Termination Date, the Directors shall be elected as provided in the Master Declaration and the following provisions shall also apply:

- (a) Cumulative voting is not permitted;
- (b) The term of a Director shall be for one (1) year;
- (c) In the event that an annual meeting is not held, or the Directors are not elected thereat, the Directors may be elected at any special meeting held for that purpose prior to the Town Association's annual meeting; and
- (d) Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms during which a Director may serve; provided, however, that no Director shall serve more than two (2) consecutive terms.

Section 4.5 Books, Financial Statements and Audit. The Town Council shall maintain or cause to be maintained a full set of books and records showing the financial condition of the Town Association to be prepared in a manner consistent with generally accepted accounting principles. Financial statements for the Town Association shall be prepared regularly and, upon request, copies shall be distributed to each Member of the Town Association as follows:

(a) A pro forma operating statement or budget representing the Town Association for each fiscal year shall be available for distribution not less than thirty (30) days before the beginning of each fiscal year. The operating statement shall include a schedule of Assessments received and receivable.

(b) Within ninety (90) days after the close of each fiscal year, the Town Association shall cause to be prepared and available for delivery to each Member, a balance sheet as of the last day of the Town Association's fiscal year and annual operating statements reflecting the income and expenditures of the Town Association for its last fiscal year.

Section 4.6 Vacancies. Following the Class B Member Termination Date, vacancies in the Town Council caused by any reason other than the removal of a Director by a vote of the Members 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 applicable Town Association annual meeting, or special meeting 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 full number of authorized Directors are not elected at any meeting at which such election is to take place.

Section 4.7 Town Advisory Committee. The Town Council shall appoint the Town Advisory Committee of not less than three (3) nor more than five (5) owners, excluding Town Founder, at the time specified in the Master Declaration. The Town Advisory Committee shall meet with the Town Council at such times and places as specified by the Town Council to facilitate the flow of information between the Owners and the Town Council. The Town Advisory Committee shall serve in an advisory capacity, and shall have no authority to bind the Town Association or act on behalf of the Town Council or the Town Association. The Town Advisory Committee shall cease to exist on the date provided in the Master Declaration.

Section 4.8 Town Design Review Board. Town Founder shall appoint a Town Design Review Board pursuant to the Master Declaration to perform the duties and responsibilities set forth therein and as provided in the Community Documents. Following the Class B Member Termination Date, the Town Council shall have the right to appoint, remove and replace the members of the Town Design Review Board, with or without cause, upon the vote of fifty-one percent (51%) or more of the Directors.

Section 4.9 Removal of Directors. Following the Class B Member Termination Date, at any regular or special meeting of the Town Association, duly called, a Director may be removed with or without cause by a consent of the Members holding more than one half (1/2) of the votes of the Members present at such regular or special meeting, 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.

Section 4.10 Organization Meeting. The first regular meeting of a newly elected Town Council shall be held within thirty (30) days of the election of the Town Council, at such place as shall be fixed and announced by the Directors subsequent to said Directors' election, 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 quorum of the Town Council shall be present.

Section 4.11 Other Regular Meetings. Regular meetings of the Town Council shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Town Council. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of regular meetings of the Town Council shall be given to each Director, personally or by mail, telephone or fax, at least three (3) days prior to the day named for such meetings, 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 4.12 Special Meetings. Special meetings of the Town Council may be called by the president, or, if the president is absent or refuses to act, by the vice president, or by any three (3) Directors. At least two (2) days' notice shall be given to each Director, personally or by mail, telephone or fax, 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 Town 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 Town Council, 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 4.13 Waiver of Notice. Before or at any meeting of the Town Council, 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 Town Council shall be waiver of notice by that Director of the time and place thereof. If all Directors are present at any meeting of the Town Council, no notice shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Town Council, 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 Town Association or made a part of the minutes of the meeting.

Section 4.14 Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Town Council, 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 Town Council. Each Director shall be entitled to one (1) vote.

Section 4.15 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 4.16 Fidelity Bonds. The Town Council may, in its discretion, require that all officers and employees of the Town Association handling or responsible for the Town Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Town Association or its manager.

Section 4.17 Committees. The Town Council, by resolution, may from time to time designate such committees as the Town Council shall desire, and may establish the purposes and powers of each such committee created consistent with the Town Council's authority created by the Master Declaration or these Bylaws. The resolution designating and establishing a committee shall provide for the appointment of its members, as well as a chairperson, shall state the purpose of the committee, and shall provide for the duration of the committee, regular reports from the committee and other administration matters as deemed appropriate by the Town Council.

ARTICLE 5 OFFICERS

Section 5.1 Designation. The principal officers of the Town Association shall be a president, a vice president, secretary, and a treasurer, all of whom shall be elected by the Town Council. The Town Council may appoint an assistant treasurer and an assistant secretary, and such other officers as the Town Council deems necessary or advisable. One person may hold two or more offices, except those offices of president and secretary.

Section 5.2 Election of Officers. The officers of the Town Association shall be elected annually by the Town Council at the organizational meeting of each new Town Council, and each officer shall hold office for one (1) year unless he or she shall sooner resign or shall be removed or otherwise disqualified.

Section 5.3 Removal of Officers. Upon an affirmative vote of a majority of the Town Council, any officer may be removed from such office, either with or without cause, and a successor elected at any regular meeting of the Town Council, or any special meeting of the Town Council called for such purpose. Any officer may resign at any time by giving written notice to the Town Council or to the president or secretary of the Town 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 Town Council shall not be necessary to make it effective. A vacancy in any office may be filled by appointment by the Town Council and the officer appointed to such vacancy shall serve for the remainder of the vacated officer's term.

Section 5.4 Compensation. Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Town Council. Appointment of any officer, agent or employee shall not of itself create contractual rights of compensation for services performed by such an officer, agent or employee.

Section 5.5 Special Appointment. The Town Council may elect such other officers as the affairs of the Town Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Town Council may, from time to time, determine, subject to compliance with these Bylaws and the Master Declaration.

Section 5.6 President. The president shall be the chief executive officer of the Town Association. The president shall preside at all meetings of the Town Association and of the Town Council. The president 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 Section 4.17, to appoint committees from among the Members from time to time as the president alone may decide are appropriate to assist in the conduct of the affairs of the Town Association. The president shall, subject to the control of the Town Council, have general supervision, direction and control of the business of the Town Association. The president shall be ex officio a member of all standing committees, and the president shall have such other powers and duties as may be prescribed by the Town Council or these Bylaws.

Section 5.7 Vice President. The vice president shall take the place of the president and perform such 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 Town Council shall appoint a member of the Town Council to do so on an interim basis. The vice president shall also perform such other duties as shall from time to time be imposed by the Town Council or these Bylaws.

Section 5.8 Secretary. The secretary shall record the votes and keep the minutes of all meetings of the Town Council and the minutes of all meetings of the Town Association at the principal office of the Town Association or such other place as the Town Council may order. The secretary shall keep the seal of the Town Association in safe custody and shall have charge of such books and papers as the Town Council 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 Town Association and of the Town Council required by these Bylaws or by law to be given. The secretary shall maintain a book of record Owners, and any person in possession of a Lot that is not an Owner, listing the names and addresses of the Owners, and any person in possession of a Lot that is not an Owner, as furnished to the Town Association and such book shall be changed only at such time as satisfactory evidence of a change in ownership of a Lot is presented to the secretary. The secretary shall perform such other duties as may be prescribed by the Town Council or these Bylaws.

Section 5.9 Treasurer. The treasurer shall have responsibility for the Town Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts of the Common Area, Restricted Area, Maintenance Property, any tax records and business transactions of the Town Association including accounts of all assets, liabilities, receipts, disbursements and payment of Transfer Fees, all in books belonging to the Town 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 Town Association in such depositories as may from time to time be designated by the Town Council and for the deposit of the Transfer Fees into the Conservation and Preservation Fund. The treasurer shall disburse the funds of the Town Association as may be ordered by the Town Council in accordance with the Master Declaration, shall render to the president and Directors upon request, an account of all transactions as treasurer and of the financial condition of the Town Association, and shall have such other powers and perform such other duties as may be prescribed by the Town Council or these Bylaws.

ARTICLE 6 OBLIGATIONS OF OWNERS

Section 6.1 Assessments. All Owners are obligated to pay, in accordance with the provisions of the Master Declaration, all Assessments levied by the Town Association to meet all expenses of the Town Association, including, without limitation, a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of fire, earthquake or other hazard, as more fully provided in Section 4.3 of these Bylaws. The Assessments shall be fixed at a uniform rate for each Lot type (i.e., farm/ranch, rural, large, etc.), but the basis and rate of Assessments may be varied depending on the type of use of the Lot as provided in the Master Declaration, provided that Assessments for Commercial Uses and Nonresidential Uses

exceed rates for Residential Uses. All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the Master Declaration.

Section 6.2 Maintenance and Repair.

(a) Every Owner must perform promptly, at the Owner's sole cost and expense, all maintenance, improvement, operation, repair and replacement work on such Owner's Lot as required under the provisions of the Master Declaration and each Owner shall also reimburse the Town Association for the cost of maintaining, improving, operating, repairing or replacing or otherwise bringing an Owner's Lot into compliance with the Master Declaration. As further provided in the Master Declaration, an Owner must obtain the Town Design Review Board's prior written approval for all plans for alterations and repair of Improvements on a Lot and in the event an Owner desires to operate a Commercial Use on a Lot. The Town Design Review Board shall establish reasonable procedures for the granting and denial of such approval in accordance with the Master Declaration, Residential Design Guidelines and Nonresidential Design Guidelines.

(b) As further provided in the Master Declaration, each Owner shall reimburse the Town Association for any expenditures incurred in repairing or replacing any portion of Common Area, Restricted Area or Maintenance Property or improvements thereon which is damaged through the fault of an Owner or an Owner's family, representatives or invitees, and each Owner shall promptly reimburse the Town Association for the costs of maintaining, improving, operating, repairing and replacing that portion of the Common Area, Restricted Area or Maintenance Property which the Town Association has maintained, improved, operated, repaired or replaced pursuant to the Master Declaration. Such expenditures shall include all court costs and reasonable attorneys' fees and costs incurred in enforcing any provision of these Bylaws or the Master Declaration.

ARTICLE 7 AMENDMENTS TO BYLAWS

These Bylaws may be amended by the Town Association at an annual meeting or at a duly constituted meeting of the Town Association for such purpose as provided in the Articles. No amendment to these Bylaws shall take effect unless by the affirmative votes of more than two thirds (2/3) of the total voting power of the Town Association as cast by the Members.

ARTICLE 8 MEANING OF TERMS

Except as otherwise defined herein, all terms herein initially capitalized shall have the same meanings as are ascribed to such terms in the Master Declaration including, without limitation, "Articles", "Assessments", "Builder", "Commercial Uses", "Common Area", "Community Documents", "Conservation Area", "Conservation Area and Preservation Fund", "Improvements", "Limited Assessments", "Lot", "Maintenance Property", "Member", "Nonresidential Design Guidelines", "Nonresidential Uses", "Owner", "Regular Assessments", "Residential Design Guidelines", "Residential Guidelines", "Restricted Area", "Special Assessments", "Town Association", "Town Council", "Town Design Review Board", "Town Founder", "Transfer Fees", and "Waste Water Reclamation System".

ARTICLE 9 CONFLICTING PROVISIONS

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

ARTICLE 10 INDEMNIFICATION AND INSURANCE

Section 10.1 Certain Definitions. For the purposes of this Article, "agent" means any person who is or was a director, officer, employee or other agent of the Town Association, including, without limitation, the members of the Town Design Review Board, or is or was serving at the request of the Town Association as a director, officer, employee or agent of another corporation, or was a director, officer, employee or agent of a corporation which was a predecessor corporation of the Town Association; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes, without limitation, attorneys' fees and costs and any expenses of establishing a right to indemnification under Section 10.3 or Section 10.4(c).

Section 10.2 Indemnification. This Town Association shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of this Town Association to procure a judgment in its favor) by reasons of the fact that such person is or was an agent of this Town Association against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Town Association and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the persons reasonably believed to be in or not opposed to the best interests of the Town Association or with respect to any criminal proceeding that the person had reasonable cause to believe that the person's conduct was unlawful. However, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Town Association in the performance of such person's duty to the Town Association, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall deem proper.

Section 10.3 Expenses in Successful Defense. To the extent that an agent of the Town Association has been successful on the merits in defense of any proceeding referred to in Section 10.2 or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 10.4 Determination of Standard of Conduct. Except as provided in Section 10.3, any indemnification under this Article shall be made by the Town Association only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met or exceeded the applicable standard of conduct set forth in Section 10.2, as determined by:

(a) A majority vote of a quorum consisting of Directors who are not parties to such proceeding;

(b) Approval or ratification by the affirmative vote of a majority of the total voting power of the Town Association as cast by the Members at a duly held meeting of the Town Association at which a quorum is present;

(c) The court in which such proceeding is or was pending, upon application made by the Town Association or the agent or the attorney or other persons rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Town Association; or

(d) Independent legal counsel in written opinion, engaged at the direction of a quorum of disinterested Directors.

Section 10.5 Advancing Expenses. Expenses incurred in defending any proceeding may be advanced by the Town Association prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount if it shall be determined ultimately that the agent is not entitled to be indemnified as authorized in this Article.

Section 10.6 Extent and Limitations of Indemnifications. No indemnification or advance shall be made under this Article, except as provided in Section 10.3 or paragraph Section 10.4(c), in any circumstance where it appears:

(a) That it would be inconsistent with a provision of the Articles, these Bylaws, a resolution of the Town Council or Members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

This Article shall create a right of indemnification for each agent referred to in this Article, whether or not the proceeding to which the indemnification relates arose in whole or in part prior to adoption of this Article; and in the event of the death of such agent, whether before or after initiation of such proceeding, such right shall extend to such agent's legal representatives. In addition, to the maximum extent permitted by applicable law, the right of indemnification hereby given shall not be exclusive of or otherwise affect any other rights such agent may have to indemnification, whether by law or under any contract, insurance policy or otherwise.

Section 10.7 Liability Insurance. The Town Association may purchase and maintain insurance on behalf of any agent of the Town Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Town Association would have the power to indemnify the agent against such liability under the provisions of this Article.

ARTICLE 11 MISCELLANEOUS

Section 11.1 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 Town 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 Town Council.

Section 11.2 Execution of Documents. The Town Council, except as in these Bylaws 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 Town Association, and such authority may be general or confined to specific instances; and unless so authorized by the Town Council, no officer, agent or employee shall have the power or authority to bind the Town Association by any contract or engagement or to pledge the Town Association's credit or to render the Town Association liable for any purpose or in any amount.

Section 11.3 Inspection of Bylaws, Books and Records. The Town Association shall keep in the Town Association's office for the transaction of business the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Town Association's secretary, which shall be open to inspection by the Members at all reasonable times during office hours. The books, records and papers of the Town Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Master Declaration, the Articles, and the Bylaws shall be available for inspection by any Member at the principal office of the Town Association, where copies may be purchased at reasonable cost.

Section 11.4 Fiscal Year. The fiscal year of the Town Association shall be the calendar year, commencing with January 1 of each year and terminating on December 31 of each year, except that the first fiscal year shall begin on the date of incorporation.

Section 11.5 Membership Book. The Town Association shall keep and maintain in the Town Association's office for the transaction of business a book containing the name and address of each Member. Termination or transfer of ownership of any Lot by an Owner shall be recorded in the books 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 Master Declaration and the Articles.

CONSENT OF DIRECTORS OF
HIDDEN SPRINGS TOWN ASSOCIATION, INC.
IN LIEU OF MEETING

The undersigned, constituting all of the Directors of the HIDDEN SPRINGS TOWN ASSOCIATION, INC., an Idaho nonprofit corporation (the "Town Association"), do hereby consent to adopt and approve in writing the following corporate action without a meeting in accordance with the provisions of the general nonprofit corporation laws of the State of Idaho:

RESOLVED, That the above and foregoing Bylaws are hereby duly adopted as the Bylaws of the Town Association and that the same do now constitute the Bylaws of the Town Association.

This Consent of Directors of Hidden Springs Town Association, Inc. in Lieu of Meeting shall be effective the 20th day of August, 1998.

James S. Grossman, Director

Franklin A. Martin, Director

Jeff Kingsbury, Director

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting secretary of HIDDEN SPRINGS TOWN ASSOCIATION, INC., an Idaho nonprofit corporation; and
2. The foregoing Bylaws comprising 15 pages including this page constitute the Bylaws of Hidden Springs Town Association, Inc. and were duly adopted by the Town Council pursuant to that "Consent of Directors of Hidden Springs Town Association, Inc. in Lieu of First Meeting" dated effective the 20th day of August, 1998.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and attest the act of the Town Association effective the 20th day of August, 1998.

Franklin A. Martin, Secretary