BYLAWS OF
COVE SPRINGS NORTH HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
Offices

Section 1. Principal Office. The principal office of Cove Springs North Homeowners Association, Inc., an Idaho non-profit corporation (the "Corporation") shall be located at 1911 Lear Ln Unit 2, Hailey, Idaho 83333, or at such other location as may, from time to time, be designated by the board of directors of the Corporation.

Section 2. Registered Office. The registered office of the Corporation to be maintained in the State of Idaho shall be located at 1911 Lear Ln Unit 2, Hailey, Idaho 83333, and may be changed from time to time by the board of directors.

ARTICLE II
Members

Section 1. Admission to Membership. For purposes of these Bylaws, the term "Lot" shall have the same meaning as that term is defined to have in that certain Declaration of Covenants, Conditions and Restrictions of Cove Springs North Subdivision, recorded on **_______________,** as Instrument No. **______________________,** records of Blaine County, Idaho ("Declaration"). Every person or entity owning a Lot from and after the date of incorporation for the Corporation shall be entitled and required to be a member of the Corporation for so long as said person or entity continues to be an owner of a Lot. If title to any such Lot is held by more than one person or entity, the membership appurtenant to that Lot shall be shared by all such persons or entities in the same proportionate interest and by the same type of tenancy in which title to the Lot is held; provided that only one membership shall be appurtenant to each Lot, and any joint or common owners of said membership shall collectively appoint one person to vote that membership in the Corporation. No person or entity other than an owner of a Lot may be a member of the Corporation, and a membership may not be transferred except in connection with the transfer of the Lot to which it is appurtenant, or an interest in such Lot. Conditions of membership and procedures for suspension or termination of a membership by the Corporation may be established from time to time by the Board of Directors.

Section 2. Classes of Membership. The Corporation shall have one class of membership.

ARTICLE III
Meetings

Section 1. Annual Meetings. Unless otherwise determined by the Board of Directors, an annual meeting of the members shall be held during the month of June in each year beginning in the year 2026, with the exact date, time, and place of the meeting to be established by the Board of Directors, for the purpose of electing Directors, and for the transaction of such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the members may be called by the Board of Directors or upon the request of not fewer than 50% of the members of the Corporation.

Section 3. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Idaho, as the place of meeting for any annual meeting or any special meeting. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be the principal office of the Corporation in the State of Idaho.

Section 4. Notice of Meeting. Not later than three days prior to the date of any regular or special meeting of the members, notice of said meeting, including the time, place, and purpose of the meeting, shall be given to each member by personal service, by telephone, or by mail; provided, however, that if notice is given by mail, it shall be placed in the U.S. mail, postage prepaid, addressed to the member to whom it is directed at his last known address, not later than seven days prior to the date of the meeting.

Section 5. Waiver of Notice. Whenever any notice is required to be given to any member under the provisions of the Idaho Non-Profit Corporation Act as set forth in Title 30, Chapter 30, Idaho Code (the "Act") or under the provisions of the Articles of Incorporation for the Corporation (the "Articles") or these Bylaws, or by the Declaration, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 6. Officers of the Members Meeting. The presiding officer at all meetings of the membership shall be the president of the Corporation or, in the absence of the president, the vice president or, in the absence of both the president and the vice president, a chairman elected by the members present at the meeting. The secretary of the Corporation or, in the absence of the secretary, any person appointed to do so by the presiding officer of the meeting, shall act as secretary for the meeting.

Section 7. Quorum and Voting Requirements. A quorum shall be deemed established in accordance with the provisions of Idaho Code § 30-30-511. The members present or duly organized and convened meeting where a quorum is present can continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum present after the meeting has started. If a quorum is present, the affirmative vote of the majority of the memberships represented at the meeting and entitled to vote on the subject matter shall be the act of the membership, unless the vote of a greater number is required by the Act, the Articles, these Bylaws, or the Declaration.

Section 8. Proxies. A member may vote either in person or by proxy executed in writing by the member. No proxy shall be valid after eleven months from the date of its execution. Every proxy shall be revocable at the pleasure of the member who executed it.

Section 9. Action by Members Without a Meeting. Any action required or permitted to be taken at a meeting of the members of the Corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote of the membership, and may be stated as such in any articles or documents filed with the Idaho Secretary of State under the Act.

ARTICLE IV
Directors

Section 1. Number of Directors. The number of Directors on the Board of Directors and their terms of office shall be as set forth in the Articles of Incorporation of the Corporation. Each Director shall serve until his or her term of office has expired or until his or her replacement has been duly elected, whichever shall last occur.

Section 2. General Powers and Standard of Care. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors. A director shall perform his duties in good faith, in a manner which such director reasonably believes to be in the best interest of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) One or more officers or employees of the Corporation whom the director reasonably believes to be reliable and competent in the matters presented;

(b) Legal counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such persons professional area of competence; or

(c) A committee of the Board of Directors upon which such director does not serve, duly designated in accordance with the provisions of these Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

Section 3. Qualifications. Directors must have an ownership interest in one or more Lots at the time of election and throughout their terms.

Section 4. Vacancies. Any vacancy occurring on the Board of Directors shall be filled by the remainder of the Board of Directors. Directors so appointed to fill a vacancy shall serve out the term to which they have been appointed and may thereafter stand for election to a subsequent term.

Section 5. Removal of Directors. Any director may be removed from office for cause by the affirmative vote of two-thirds (2/3) of the members of the Association.

Section 6. Meetings. The Board of Directors may hold regular meetings at such times and places as it may establish, provided that in no event shall said meetings be held less frequently than once a year. Special meetings of the Board of Directors may be called by or at the request of the president of the Corporation, or by any two directors. The person or persons authorized to call special meetings of the Board of Directors may designate the time and place for holding such meetings, and the agenda for such special meetings.

Section 7. Notices. Unless waived in writing by the person entitled thereto, notice of any regular or special meeting of the Board of Directors shall be given at least three (3) days previous thereto if delivered personally or seven (7) days previous thereto if sent by mail to each director at his address as shown by the records of the Corporation. The purpose of any special meeting of the Board of Directors shall be specified in the notice or waiver of notice of such meeting. Waiver of the notice requirement herein set forth must be in writing and be signed by the director waiving notice.

Section 8. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, but if fewer than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting without further notice. Once a quorum is established, it shall remain for the duration of the meeting, despite subsequent withdrawals from the meeting by one or more directors. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless otherwise provided by law or by the Articles or Bylaws of the Association.

Section 9. Informal Action. Any action required to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent, in writing, setting forth the action as taken shall be signed by a majority of the directors.

Section 10. Compensation. The officers and directors shall serve without compensation, but reasonable expenses incurred may be reimbursed when expended for and in the interests of the Corporation, and approved by the Board of Directors.

Section 11. Director Conflicts of Interest. No contract or other transaction between the Corporation and one or more of its directors or any other Corporation, firm, association, or entity in which one or more of the directors are directors or officers, or are financially interested, shall be void or voidable simply because of such relationship or interest, or because such director or directors are present at the meeting of the Board of Directors, or a committee thereof, which authorizes, approves, or ratifies such contract or transaction, or because such director or directors' votes are counted for such purposes, if:

(a) The fact of such relationship or interest is disclosed or known to the Board of Directors, or committee, which authorizes, approves, or ratifies the contract or transaction; and

(b) The contract or transaction is fair and reasonable to the Corporation, and the fact of such relationship or interest is fully and fairly disclosed or known to the Corporation.

Section 12. Loans to Directors. The Corporation shall not lend money to or use its credit to assist its directors or officers.

Section 13. Boards Ability to Levy Fines for Violations of Declaration and/or Rules and Regulations. Consistent with Idaho Code § 55-3206, as it may be amended from time to time, the Association, acting by and through a majority vote of its Board of Directors, has the express authority to impose a fine on an Owner for a violation of this Declaration, or the above-referenced rules and regulations. No less than thirty (30) days written notice of such violation and the time of a meeting at which a vote to impose a fine on such Owner must be provided to an Owner by personal service or certified mail. All other provisions of Idaho Code § 55-3206(1) – (4) inclusive, as the same may be amended from time to time, are incorporated herein by reference.

ARTICLE IV
Officers

Section 1. Number and Title. The officers of the Corporation shall be a president, a vice president, a secretary, and a treasurer, and such other officers as may be appointed by the Board of Directors. Any two or more offices may be held by the same person, except the office of president.

Section 2. Term of Office. The officers of the Corporation shall be appointed by, and serve at the pleasure of, the Board of Directors. All vacancies in any of the offices may be filled by the Board of Directors.

Section 3. President. The president shall preside at all meetings of the Board of Directors and the meetings of the general membership. The president may sign, with the secretary, or any other proper officer, any deed, mortgage, bond, contract, or other instrument which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated to some other officer or agent of the Corporation. The president shall perform all duties incident to the office, and such other specific duties as shall be prescribed from time to time by the Board of Directors.

Section 4. Vice President. In the absence of the president, or in the event of the president's inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers and be subject to all of the restrictions upon the president. The vice president shall perform such other duties as may from time to time be assigned by the Board of Directors.

Section 5. Secretary. The secretary shall keep the permanent minutes of the meetings of the Board of Directors and of the meetings of the general membership, in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law, be the custodian of the corporate records and corporate seal, keep a register of the name and post office address of each member of the corporation, and in general perform all duties incident to the office of secretary, and such other specific duties as may from time to time be assigned to the office by the president or the Board of Directors.

Section 6. Treasurer. The treasurer shall have charge and custody, and be responsible for, all funds and securities of the Corporation, and deposit all monies in the name of the Corporation at such bank or other financial institution as shall be selected by the Board of Directors, and in general perform all of the duties incident to the office of treasurer, and such other specific duties as may from time to time be assigned by the Board of Directors or the president.

ARTICLE VI
Committees

Section 1. Appointment of Committees. The Board of Directors may establish such committees as it deems necessary or appropriate to carry out the business of the Corporation. Committees designated by the Board of Directors may be composed of officers, directors, or members of the Corporation. Each committee shall have the duties and responsibilities delegated to it by the Board of Directors.

Section 2. Term of Office. All committee members shall serve at the pleasure of the Board of Directors, and the Board of Directors may remove members or disband committees as it deems appropriate.

ARTICLE VII
Miscellaneous

Section 1. Indemnification. The Corporation shall indemnify any director, officer, or former director or officer, of the Corporation against expenses actually and reasonably incurred in connection with the defense of any action, suit, or proceeding, civil or criminal, in which such officer or director is made a party by reason of having been a director or officer, except in relation to matters as to which said director or officer is adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of any duty owed to the Corporation.

Section 2. Depositories. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, savings and loan associations, trust companies, or other institutional depositories as the Board of Directors may elect.

Section 3. Contracts. The Board of Directors may authorize any officer of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 4. Checks and Drafts. All checks, drafts or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such persons and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the president.

Section 5. Investment. Any funds of the Corporation which are not needed currently for the activities of the Corporation may, at the discretion of the Board of Directors, be invested in such investments as are permitted by law.

Section 6. Financial Statements. Statements of the financial condition of the Corporation shall be provided to the members not less frequently than once a year, and at the request of any member, or at the discretion of the Board of Directors, said financial statements shall be prepared and reviewed by a certified public accountant to be selected by the Board of Directors.

Section 7. Books and Records. The Corporation shall keep correct and complete books and records of all accounts, and shall also keep minutes of the proceedings of all meetings of its members and Board of Directors, and shall keep the record giving the name and address of the members entitled to vote. All books and records of the Corporation may be inspected by any member or his agent or attorney at any reasonable time upon request.

Section 8. Lot Sale Threshold Monitoring and Declarant Notice. The Board of Directors shall monitor the cumulative number of Lots sold and closed by the Declarant on an ongoing basis. For purposes of this Section, “sold” means a Lot for which a deed conveying fee title from the Declarant to an Owner has been recorded in the records of Blaine County, Idaho. Upon determining that eighty-five percent (85%) of the Lots in the Subdivision (i.e., Fourty-Two (42) of the fifty (50) Lots) have been sold, the Board of Directors shall, within fifteen (15) days of such determination, provide written notice to the Declarant advising that the 85% sales threshold has been reached. Such notice shall: (a) specify the date on which the threshold was met; (b) state the amount of the then-current per-Lot monthly assessment; and (c) request that the Declarant commence monthly reserve contributions in accordance with Article X, Section 10(b) of the Declaration. The Board shall deliver such notice by certified mail, return receipt requested, to the address of the Declarant on file with the Association. The Board shall maintain a current and accurate log of Lot closings, which shall be made available to any member upon request and shall be reviewed at each regular Board meeting.

Section 9. Reserve Account Administration. The Board of Directors shall establish a dedicated reserve account prior to or concurrently with the first sale and closing of a Lot in the Subdivision. Because the first Owner will immediately begin paying assessments that include a reserve component, the reserve account must be in place and ready to receive funds from the date of that first closing. The Board shall maintain such reserve account at all times thereafter, subject to the following requirements:

(a) Separate Account. The reserve account shall be maintained in a separate, dedicated account at a federally insured financial institution, distinct from the Association’s operating account. No operating funds shall be commingled with reserve funds.
(b) Investment Policy. Reserve funds may be invested only in federally insured deposit accounts, U.S. government obligations, or money market funds backed by U.S. government securities. The Board of Directors shall adopt a written investment policy for reserve funds within sixty (60) days of the reserve account being established.
(c) Withdrawal Authorization. Withdrawals from the reserve account shall require approval by a majority vote of the Board of Directors and shall be used exclusively for capital repairs, replacements, or improvements to Common Areas and Association infrastructure as contemplated in the reserve study. No reserve funds shall be used for ordinary operating expenses without a two-thirds (2/3) vote of the Board and a written finding that operating funds are insufficient.
(d) Reserve Study. Upon the Declarant Control Period ending or upon the sale of all fifty (50) Lots, whichever occurs first, the Board shall commission a professional reserve study to assess the long-term capital replacement needs of the Common Areas. The reserve study shall be updated no less frequently than every five (5) years, and the annual assessment shall be adjusted as necessary to maintain funding consistent with the study’s recommendations.
(e) Reporting. The Treasurer shall include a reserve account balance and activity summary in the annual financial statements provided to members pursuant to Section 6 of this Article, and shall report reserve account status at each regular Board meeting.

Section 8. Amendments. These Bylaws may be altered, amended, or repealed, and a new set of Bylaws adopted, by not less than a two-thirds (2/3) majority vote of all members of the Corporation, at a meeting duly noticed and convened for that purpose, or by an instrument of amendment duly executed by not less than two-thirds (2/3) of the total members.

DATED this ______day of _________________, 2024.

____
Preston Ziegler, Director

____
Laura Blackburn, Director

____
Cort Blackburn, Director

SECRETARY'S CERTIFICATION

The foregoing Bylaws have been duly adopted by the board at its organizational meeting held on the _____day of ______________________, 20___.

____
Acting Secretary: Janet Ziegler