

Instrument # 571309

HAILEY, BLAINE, IDAHO

9-24-2009 12:05:00 No. of Pages: 14

Recorded for : BENCHMARK ASSOCIATES

JOLYNN DRAGE

Fee: 42.00

Ex-Officio Recorder Deputy

Index to: COVENANTS & RESTRICTIONS

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF WHITE CLOUDS
A PLANNED UNIT DEVELOPMENT**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 23 day of September, 2009, by **SUN VALLEY RESORT PROPERTY, LLC**, a Wyoming limited liability company, by and through its managing member, Wallace Huffman (hereinafter referred to as "Declarant").

RECITALS:

THIS DECLARATION IS MADE in contemplation and furtherance of the following:

A. Declarant is the owner of approximately 70.78 acres of undeveloped real property situated within the City of Sun Valley, Blaine County, State of Idaho, more particularly described on Exhibit "A" hereto, which property is sometimes referred to as the "Property".

B. The Property, together with adjoining real estate owned by Sun Valley Company, a Wyoming corporation, has been subdivided, as depicted on the official plat thereof, entitled "White Clouds, Corrected, a Planned Unit Development", recorded as Instrument No. 571308, records of Blaine County, Idaho, and referred to herein as the "Plat".

C. The Property is comprised of approximately 46.44 acres zoned by the City of Sun Valley as RA (Rural Estate and Ranch District) which permits single family dwelling units, and approximately 24.34 acres zoned RM-1 (Multiple-Family Residential District) which permits multiple-family dwelling units, including condominiums and townhouses.

D. It is the objective of the Declarant that the portion of the Property zoned RA, which is shown as Lots 1 through 30 and Parcels H, M and N, on the Plat (collective "Single Family Development"), become a quality single-family residential community in harmony with the Sun Valley Resort, and the surrounding environment, and to secure that objective through the imposition of the covenants, conditions and restrictions set forth herein.

DECLARATION:

Declarant hereby declares that real property comprising the Single Family Development, including all Lots, parcels and common area now or hereafter situated therein, and all improvements constructed or installed thereon, shall be held, conveyed, encumbered, leased, and used subject to the covenants, conditions, restrictions and equitable servitudes hereinafter set forth, which shall run with title of said real property, and be binding upon, and benefit, all parties presently owning, or hereafter acquiring, any right, title or interest therein, or to any part thereof.

ARTICLE I

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the following meaning:

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Section 1.1 "Articles" shall mean the Articles of Incorporation of the White Clouds Single Family Homeowners Association, Inc.

Section 1.2 "Assessments" shall mean all annual and special assessments described in Article VII hereinafter.

Section 1.3 "Association" shall mean and refer to White Clouds Single Family Homeowners Association, Inc., a non-profit corporation organized under the laws of the State of Idaho, its successors and assigns.

Section 1.4 "Board of Directors" shall mean and refer to the Board of Directors as provided for in the Articles and Bylaws of the Association.

Section 1.5 "Bylaws" shall mean and refer to the Bylaws of the Association.

Section 1.6 "Common Area" shall mean Parcels H, M and N, as shown on the Plat, and all other real property hereafter owned or leased by the Association or in which the Association acquires a license or an easement.

Section 1.7 "Design Criteria" shall mean and refer to that certain set of aesthetic standards, guidelines criteria, and design review procedures entitled "White Clouds Design Criteria" dated August 24, 2009, and any amendments thereto, or replacements thereof, hereafter approved or adopted by the Board of Directors. Said Design Criteria shall assist the Design Review Committee's review of Improvement plans presented to it pursuant to Article VIII hereof.

Section 1.8 "Design Review Committee" shall mean the committee created pursuant to Article VIII hereof, and may be hereinafter referred to as the "DRC".

Section 1.9 "Improvement" shall mean and refer to all structures and landscaping proposed for, or constructed or installed on, any Lot or Common Area within the Single Family Development, and all subsequent additions and exterior alterations thereto. Without limiting the foregoing, the term "Improvement" shall include excavations, fill, retaining walls, walls, fences, stairs, chimneys, gazebos, swimming pools, attached recreation equipment or facilities, tennis courts, patios, decks, courtyards, roads, driveways, signs, solar panels, sky lights, exterior lighting, exterior communication or entertainment facilities, exterior heating or air conditioning units, antennae, flag poles, mailboxes, awnings, outside sculptures, lawn ornaments, landscaping (including irrigation systems), ponds, fountains, water features, garages, outbuildings, primary residences and guest/employee quarters.

Section 1.10 "Lot" shall mean and refer to platted single family residential Lot 1 through 30, as shown on the official Plat, and expressly excepting the Common Area, and any other parcels which are not shown on the Plat to be for single family residential use.

Section 1.11 "Member" shall mean a member of the Association, who shall be an Owner of a Lot and shall qualify for membership in the Association in the manner set forth in the Articles, Bylaws and Article VI hereof.

Section 1.12 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot; provided, however, that the term "Owner" shall not include those having only a security interest in any Lot through a lien, encumbrance, deed of trust, mortgage, or other similar

security instrument.

Section 1.13 "Single Family Development" shall mean and refer to Lots 1 through 30; Parcels H, M and N, as shown on the Plat; and any additional Common Area hereafter acquired by the Association.

Section 1.14 "Subdivision" shall mean and refer to the subdivision depicted on the official Plat.

ARTICLE II

PROJECT DEVELOPMENT

Section 2.1 Development of Lots. The covenants, conditions and restrictions contained herein shall not be construed to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by any Owner, including Declarant, upon any Lot, provided that such Improvements have, prior to the commencement of construction, received the approval of the DRC, and shall in all ways conform to said covenants, conditions and restrictions. Further, no such construction activity shall be deemed to constitute a nuisance or violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, erection of temporary construction structures, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence; conforms to usual construction practices in the area; and complies with all provisions of the Sun Valley City Code regulating construction activities. To facilitate any such construction activities, a temporary waiver of any applicable provision of this Declaration may be granted by the Board of Directors, provided that such waiver shall be only for the reasonable period of such construction.

Section 2.2 Common Area. Common Area Parcels H, M and N, as shown on the Plat shall be deeded by the Declarant to the Association, to be held and managed by the Association for the benefit of the Owners subject only to the provisions of this Declaration and those easements encumbering said parcels which are shown on the Plat. Any other Common Area which may subsequently be acquired by the Association shall be held, improved, managed and maintained for the common benefit, use and enjoyment of its Members and their respective family members, guests and invitees.

ARTICLE III

GENERAL RESTRICTIONS

Section 3.1 Residential Purposes. Each Lot shall be restricted exclusively to Improvements consisting of a single family residence, landscaping and accessory uses and Improvements permitted by the City of Sun Valley in the RA Zone. No modular home, manufactured home, trailer, mobile home, camper, motorhome, recreational vehicle, tent, shack, carport, garage or other similar vehicle, structure or improvement shall be used as a residence, either temporarily or permanently, on any Lot. Residences shall include garaged parking for not less than two automobiles together with uncovered off-street parking for not less than two automobiles. All Improvements shall be kept and maintained in good condition and repair at all times.

Section 3.2 DRC Approval. All Improvements proposed for any Lot, parcel or Common Area, and all subsequent extensions and expansions thereof, and all exterior alterations, attachments, accessories and appurtenances thereto, shall be consistent with the provisions of this Declaration and the Design Criteria, and shall not be undertaken, commenced, constructed or installed without the prior official approval of the DRC, unless expressly exempted from such approval by the terms of this Declaration.

Section 3.3 Changes or Alterations Without DRC Approval. Provided that the work and effect is consistent with the Design Criteria and this Declaration, the approval of the DRC shall not be required for remodeling or renovating the interior of any Improvement; nor for repainting the exterior of any existing Improvement I the same color; nor for repairing or replacing deteriorated or damaged exterior windows, roofing material, siding, trim, decking, sidewalks, driveways, fences, walls, exposed structural members or foundations, provided any such work does not alter the color or size of the Improvements involved, nor the configuration and architectural features of its exterior, including the size and shape of windows, the pitch or configuration of its roof lines, eaves and exposed gable, nor the height or exposed material of any Improvement, including fences and walls.

Section 3.4 Landscape Maintenance, Repair and Replacement. Once the initial landscaping plans for a Lot, including an appropriate irrigation system, have been approved by the DRC and completed in compliance with those plans, the Owner thereof may, without further approval from the DRC, maintain, repair or replace, as necessary, plantings, landscape elements and the irrigation systems, provided such work does not change the essential character or scope of the landscaping, and does not include additional impacts on any other Lot, including impacts on view corridors. All landscaping shall at all times be properly maintained and irrigated.

Section 3.5 Construction Site. Anything contained herein to the contrary notwithstanding, it shall be permissible for the Owner of a Lot, including the Declarant, during any period of construction of a residence thereon, to maintain upon the Lot, such facilities as may be reasonably required, convenient or incidental to such construction or sales activities, including, without limitation, construction equipment and materials storage area, temporary construction shed or trailer.

Section 3.6 Animals and Pets. No animals of any kind shall be raised, bred or kept on any Lot, except dogs, cats, or similar household pets which are not kept, bred or maintained for any commercial purpose, do not endanger the health of other residents, are not allowed off the Lot of the pet's owner except when leashed or otherwise under someone's direct control, and, in the sole discretion of the Board of Directors, do not unreasonably disturb the occupants of any other Lot, or constitute a nuisance.

Section 3.7 Signs and Business Activities. No advertising signs, billboards, commercial equipment, materials or supplies shall be erected, placed or permitted to remain on any Lot or Common Area; provided, however, that this provision shall not prohibit an Owner from erecting and maintaining temporary "for sale" signs of the type and size permitted in the Design Criteria or the ordinances of the City of Sun Valley, whichever is more restrictive.

Section 3.8 Service Facilities. All garbage cans, recycling bins, lawn or landscape maintenance equipment, and similar items shall be kept screened or enclosed to conceal them from the view of neighboring Lots and streets.

Section 3.9 Nuisances. No rubbish, waste or debris of any kind shall be placed or permitted to accumulate upon any Lot, and no odor shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Lot, or its occupants. No noise, including but not limited to, noise created by people, animals, equipment and/or machinery, shall be permitted to exist or operate upon any Lot or Common Area so as to be unreasonably offensive or detrimental to any other Lot, or its occupants.

Section 3.10 Hazardous Activities. No activities shall be conducted, and no improvements shall be constructed, on any Lot or Common Area which are illegal or might be unsafe or hazardous to any person or

property. Without limiting the foregoing, no fireworks or firearms shall be discharged upon any Lot or Common Area and no open fires shall be permitted.

Section 3.11 Vehicle and Equipment Parking & Storage. Unless contained within a permitted garage, structure or screened area, no unsightly vehicles or equipment shall be stored, parked or otherwise permitted to remain on any Lot for any period exceeding 24 hours, including, without limitation, trailers, campers, motorhomes, boats, jet skis, all-terrain vehicles, golf carts, snowmobiles, tractors, inoperable vehicles, or equipment.

Section 3.12 Utilities. All utility service lines shall be underground, and shall conform to applicable code requirements. Approval of the DRC prior to installation shall not be required.

Section 3.13 Subdivision. Lots shall not be further subdivided, and no portion of any Lot may be sold separately from the rest of that Lot. Two or more Lots may be combined to create one (1) Lot; provided, however, that upon such combining each original Lot shall continue to be considered a separate Lot for all purposes of this Declaration, including, without limitation, assessments, membership and voting rights in the Association.

Section 3.14 Drainage. There shall be no interference with established drainage patterns over any Lot unless adequate provision is made for alternative drainage and is approved by the DRC. No structure, fence, planting, fill or other materials shall be placed or permitted to remain which may obstruct or retard the flow of water through established drainage channels.

Section 3.15 Plat. All development proposed for a Lot shall be in compliance with all provisions and plat notes shown or set forth on the official, recorded Plat for the Subdivision.

ARTICLE IV

COMMON AREA

Section 4.1 Conveyance to the Association. Prior to the sale of the first Lot, the Declarant shall deed Parcels H, M and N to the Association, which the Association shall accept, at no cost to it, free and clear of all liens and encumbrances other than this Declaration and easements set forth on the Plat or otherwise of record.

Section 4.2 Enjoyment of Common Area. Subject to the following provisions and limitations, each Owner shall have a non-exclusive right to use and enjoy, in common with all other Owners, any Common Area, and such right shall be appurtenant to and pass with the title to each Lot:

A. The right of Association to charge or assess reasonable user fees or assessments which may become necessary to defray costs incurred or to be incurred by the Association for improvement, operation or maintenance of any Common Area owned or hereafter acquired by the Association.

B. The right of the Association to promulgate reasonable rules and regulations governing the use and enjoyment of Owners, their family members, and guests of Common Area defined herein, or hereafter acquired by the Association.

C. The right of the Association to dedicate or transfer all or any part of the Common Area, or any interest therein, to any person, entity, public agency, authority or utility for such purposes and subject to such conditions as the Board of Directors of the Association may deem appropriate,

consistent with the requirement that the Association hold, manage, use, convey and hypothecate the Common Area for the benefit of the Owners. Notwithstanding the foregoing, no conveyance of any portion of the Common Area in excess of 10,000 square feet shall be authorized or completed by the Association without the prior affirmative vote of not less than two-thirds of the total authorized votes of all Members, nor shall the Association be entitled to re-subdivide any portion of the Common Area for the purpose of establishing any additional Lots or development parcels without the prior written consent of all Members.

Section 4.3 Improvement of Common Area. The Association may, from time-to-time, further modify, improve or equip any Common Area it acquires for the benefit of the Owners, and make such assessments or borrow such funds therefor as may be reasonably necessary therefor, subject to the provisions and limitations set forth herein.

ARTICLE V

WATER AND SEWER SYSTEM

Section 5.1 Services. Central sewer service, irrigation and potable water for the Single Family Development shall be provided by the municipal system of the Sun Valley Water and Sewer District. All costs of connecting to said system and charges thereafter assessed by said District for service shall be borne by the Owners of the Lots or Common Area receiving such services. The total area of any Lot entitled to irrigation shall be subject to the provisions of the Design Criteria and applicable regulations of the Sun Valley Water and Sewer District.

ARTICLE VI

THE ASSOCIATION

Section 6.1 Establishment. The Association shall be incorporated under the laws of the State of Idaho as a non-profit membership corporation as the White Clouds Single Family Homeowners Association, Inc. All references herein to the Association shall be to said corporation.

Section 6.2 Articles and Bylaws. Declarant shall adopt initial Articles of Incorporation for the Association, and will propose initial Bylaws for adoption by the Board of Directors of the Association to provide for the administration and governance of the Association, and for other purposes not inconsistent with this Declaration. In the event of conflict between this Declaration and the Articles and Bylaws of the Association, the provisions of this Declaration shall prevail.

Section 6.3 Board of Directors. The Association shall be managed by a Board of Directors, all of whom shall be Members of the Association. Their number, and the manner by which they are to be elected and function, shall be set forth in the Articles and/or Bylaws of the Association.

Section 6.4 Membership. Every Owner shall be entitled and required to be a Member of the Association. If title to a Lot is held by more than one person or entity, the membership related 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. An Owner shall be entitled to one membership for each Lot owned by that Owner. No person or entity other than an Owner may be a member of the Association.

Section 6.5 Voting Rights. The Association shall have two (2) classes of membership, as follows:

A. Class A Members shall be all Owners except the Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members, but the vote appurtenant to the Lot owned by them shall be exercised as the joint Owners may decide among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot.

B. Class B Member shall be limited to the Declarant, who shall be entitled to three (3) votes for each Lot owned by it.

C. Class B memberships shall cease and be converted to Class A memberships at such time as the total votes to which Class A Members are entitled equal or exceed the total votes to which Class B Member is entitled. For example, with thirty (30) Lots in the Single Family Development, the Class B memberships shall convert to Class A memberships upon the Declarant's sale of the twenty-third Lot (at that time 23 Lots owned by Class A Members times one vote each would equal 23 total votes, and the remaining 7 Lots owned by the Class B Declarant Member times three votes for each would equal 21 total votes).

D. Unless otherwise provided herein or in the Articles of Incorporation and Bylaws of the Association, decisions of the Association to be made by a vote of the Members shall be determined by a simple majority of the votes cast by Members voting, in person or by proxy, at a duly constituted meeting of the Members.

Section 6.6 Cumulative Voting. In any election of the members of the Board of Directors, each Member entitled to vote at such election shall have the right to cumulative voting for each director to be elected, and to thereby give one candidate or divide among any number of the candidates a number of votes equal to the total number of votes to which that Member is entitled to vote for all Directors to be elected. The candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be deemed elected.

Section 6.7 Management of the Common Area. The Association shall be responsible for exclusive management and control of all Common Area. All Common Area shall be kept in good condition and repair, reasonably free of debris and obstructions, by the Association. The Association shall keep the Common Area improvements, if any, fully insured against reasonable risks of fire and other casualties and shall maintain such public liability insurance coverage on the Common Area as its Board of Directors deems appropriate.

Section 6.8 Service Contracts and Personnel. To properly manage its business affairs the Association may enter into service contracts and/or employ personnel as it deems necessary and appropriate. Without limitation, the Association may retain necessary general management services, legal and accounting services, Common Area maintenance and repair services, and professional services as necessary for the DRC to adequately review plans and specifications presented to it for approval, and to assure that all development complies with approved plans, including architectural and engineering reviews and compliance monitoring. The Association may also contract with others to furnish required services for the Common Area, including utilities, snow removal, trash collection, landscaping, public liability insurance and casualty insurance.

Section 6.9 Rules and Regulations. The Association may make reasonable rules and regulations governing the use of the Common Area, which rules and regulations shall be consistent with the rights and duties established in this Declaration. The Association may also take judicial action against any Owner to enforce compliance with the provisions of this Declaration, the Design Criteria, and any rule, regulation, assessment or fee duly promulgated or levied by it.

Section 6.10 Implied Rights. The Association may exercise any other right or privilege given to the Association expressly by this Declaration or by law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association herein or reasonably necessary to effectuate any such right or privilege.

Section 6.11 Transfer of Membership. The membership in the Association of each Owner, including Declarant, shall be appurtenant to the Lot giving rise to such membership, and shall not be transferred any way except upon the transfer of title to the Lot, and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void and any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner thereof.

Section 6.12 Books and Records. The Board shall cause to be kept complete, detailed and accurate books and records of the receipts and expenditures of the Association, in a form which complies with generally accepted accounting principles. The Board or a majority of the Owners may at any time require an audit prepared by an independent, certified public accountant, which shall be paid for by the Association.

Section 6.13 Inspection of Association Documents, Books and Records. The Association shall make available to the Owners, mortgagees, prospective purchasers and their prospective mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, Bylaws, Design Criteria, and other rules, books, records and financial statements of the Association, including the most recent annual financial statement, if one has been prepared. The term "available", as used herein, shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances to be determined by the Board of Directors. The Association may require the requesting party to pay a reasonable charge for the reproduction of any documents, books or records desired.

ARTICLE VII ASSESSMENTS

Section 7.1 Agreement to Pay Assessments. Declarant, for each Lot owned by the Declarant, hereby covenants, and each subsequent Owner of any Lot, by the acceptance of a deed therefor, whether or not it be so expressed in said deed, shall be deemed to covenant and agree with each other and with the Association, to be bound by the provisions of this Declaration and to pay to the Association the assessments herein provided for. In the case of joint or co-ownerships, this liability shall be joint and several. Such assessments shall be levied against Lots and collected from time-to-time in the manner provided in this Article VII.

Section 7.2 Annual Assessments. Annual assessments against all Lots are hereby authorized which shall be based upon advance annual estimates of cash requirements by the Association to provide for the payment of all estimated expenses to be incurred in the ensuing twelve-month period in the conduct of the Association's affairs, including the Improvement, maintenance, repair and operation of the Common Area; general management of the Association; and the operation of the DRC. Such expenses may include, among other things, those incurred for Association management, irrigation water, taxes, insurance, legal and accounting services, landscaping installation and maintenance, Common Area utilities, the repair, maintenance

and replacement of Common Area improvements and equipment, a reasonable contingency reserve, surplus and/or sinking fund for capital improvements, replacements and repair for the Common Area, and any costs incurred by the DRC which are not otherwise defrayed by its design review fee schedule.

Section 7.3 Special Assessments. In addition to the annual assessments authorized hereinabove, the Association may levy at anytime a special assessment payable over such a period as the Association may determine for the purpose of defraying in whole or in part the unanticipated cost of any construction, reconstruction, repair or replacement of Common Area improvements; other similarly unanticipated or emergency expenses duly incurred or to be incurred by the Association for purposes provided in this Declaration; and all other duly incurred expenses of the Association which were not or could not be adequately provided for by the annual assessment.

Section 7.4 Apportionment of Assessments. Annual and special assessments shall be apportioned among the Owners and their respective Lots according to the total number of Lots, each Owner being assessed for each of his Lots a fraction of the total assessments, the numerator of which fraction shall be one, and the denominator of which shall be the total number of Lots.

Section 7.5 Notice of Periodic Assessments and Time for Payment. The Board of Directors of the Association shall establish an annual assessment each year, the exact date to be determined by its Board of Directors, and shall further establish a special assessment whenever circumstances in the opinion of the Board of Directors require it. Such assessments shall be payable in the manner and on the dates determined by the Board from time-to-time. The Board shall provide each Owner with notice specifying the amount of the assessment and the date or dates of payment of the same. No payment shall be due and payable less than 30 days after said written notice has been given, and each delinquent assessment shall bear interest at the rate of 18% per annum until paid, commencing thirty (30) days after the date it becomes due and payable. Failure of the Association to give notice of the assessment shall not affect the liability of the Owner for such assessment, but the date when payment shall become due and payable in such a case shall be deferred to a date 30 days after such notice has been given.

Section 7.6 Lien of Assessment. All sums assessed against any Lot shall be secured by a lien on said Lot in favor of the Association upon recordation of a notice of assessment as herein provided. Such lien shall be superior to all other liens and encumbrances on said Lot, with exception of: (a) valid tax and assessment liens imposed by governmental entities; (b) the lien of prior mortgages, deeds of trust or other security instruments perfected and recorded in Blaine County, Idaho; and (c) valid prior labor and materialman's liens duly perfected and recorded in Blaine County, Idaho.

To create a lien for sums assessed pursuant to this Declaration, the Association shall prepare a written notice of said assessments, setting forth the amount thereof, the date due, the unpaid balance, the name of the record Owner of the Lot the legal description of said Lot. Such notice shall be signed by an officer of the Association and may be recorded in the office of the County Recorder of Blaine County, Idaho. No such notice of assessment shall be recorded until there is at least a sixty (60) day delinquency in the payment of the assessment to which it relates. The priority date of the lien shall be the date of its recordation, and it may be foreclosed and enforced in the manner permitted for consensual liens by the laws of the State of Idaho. In addition to all other sums which may be due and owing for which a lien is recorded, the Owner shall be obligated to pay all costs and expenses incurred by the Association in preparing, filing, foreclosing said lien, or otherwise collecting the assessment to which it is related, including all attorney's fees. All such costs and expenses shall be deemed to be secured by the lien being foreclosed.

Unless sooner satisfied and released, or the enforcement initiated as provided earlier in this section, any lien created pursuant to this section shall expire and be of no further force or effect two years from the date of recordation of said notice of assessment; provided, however, said two-year period may be extended by the Association for an additional period not to exceed one year by a written extension signed by an officer of the Association and recorded in the office of County Recorder of Blaine County, Idaho, prior to the expiration of the initial two-year period.

Section 7.7 Personal Obligation of Owner. The amount of any assessment against any Lot shall be the personal obligation of the Owner thereof to the Association. A suit to recover a money judgment for such obligation can be maintained by the Association without foreclosure or waiver of the lien securing the same, and no owner may avoid or diminish such personal obligation by waiver of the use and enjoyment of any of the common area, or by the sale or abandonment of the Lot. In such a suit, the Association shall be entitled to recover its reasonable costs and attorney fees incurred in prosecuting the same, in addition to all delinquent assessments and accrued interest thereon.

Section 7.8 Personal Liability of Purchasers. Subject to the provisions of Section 7.7 immediately hereinabove, the purchaser of a Lot shall be jointly and severally liable with the seller for all unpaid assessments appurtenant thereto including any such assessments due and owing prior to said purchaser's acquisition of said Lot, together with accrued interest thereon and, should legal action be instituted by the Association to collect the same, all costs, including attorney fees reasonably incurred in the prosecution of said action.

ARTICLE VIII

DESIGN REVIEW COMMITTEE

Section 8.1 Design Review and Approval. No Improvement shall be constructed, installed or completed until the plans and specifications therefor have been submitted to, and approved in writing by, the Design Review Committee (hereinafter "DRC"). All plans and specifications shall be evaluated by the DRC as to (1) compliance with this Declaration and the provisions of the Design Criteria; (2) harmony and compatibility with the external design of other buildings or structures in close proximity; and (3) the location of proposed improvements in relation to surrounding building envelopes, structures, topography, neighborhood design characteristics and existing drainage patterns. Approval by the DRC does not obviate the necessity of receiving all applicable permits and approvals from the City of Sun Valley for any proposed construction, excavation, improvements, alterations or repairs.

Section 8.2 Design Review Committee. The Design Review Committee shall initially consist of three (3) members, but may thereafter be increased by the Board of Directors to five (5) members. Members of the DRC may, but need not be, Owners, and at least one (1) member shall be an architect licensed to practice in the State of Idaho, with experience in the design of single family residences in the Sun Valley Area. For a period of four (4) years from the date upon which the Declaration is recorded in the records of Blaine County, all members of the DRC shall be appointed by, and serve at the pleasure of, the Declarant. Thereafter, members shall be appointed by, and serve at the pleasure of, the Board of Directors of the Association. A majority of the DRC shall constitute a quorum for the transaction of business at any duly called meeting thereof, and the action of a majority present at any such meeting at which a quorum is present shall constitute the action of the DRC.

Section 8.3 Powers and Duties of the DRC. The DRC shall have the following powers and duties:

A. To require submission to the DRC of complete sets of plans and specifications for any proposed Improvement to any Lot, as described in more detail in the Design Criteria. The DRC may also require submission of samples of materials proposed for any such project and may require such additional information as is reasonably necessary to evaluate the proposed work.

B. To approve or disapprove plans for any proposed Improvements for any Lot. All decisions of the DRC shall be submitted in writing to the applicant, and signed by all members of the DRC participating in such decision. In the event that the DRC fails to approve or disapprove any plans or specifications requested within thirty (30) days after receiving an application therefor, together with all additional information, plans or specifications requested by the DRC, approval of the DRC shall conclusively be deemed to have been given.

C. To obtain the services of architects, engineers or other professional consultants which the DRC deems necessary or appropriate to assist in the review process for any proposed Improvements.

D. To require a fee to be set and, as necessary from time-to-time amended, by the DRC, in an amount reasonably calculated to defray the costs incurred in reviewing proposed development plans, including the costs incurred for the services of any professional consultants retained by the DRC to assist it in the review process and in monitoring compliance of all development with DRC approved plans and specifications.

E. To establish the amount, and require the deposit, of a refundable fee to assure that all proposed Improvements are completed in compliance with DRC approvals, and secure the repair of any Subdivision infrastructure which may be damaged during the construction of any such approved Improvements.

F. To complete the processing of all design review applications consistent with the terms and conditions set forth in this Declaration and in the Design Criteria.

Section 8.4 **Appeals.** Any Owner whose application to the DRC for approval of any proposed improvement has been denied or, in the opinion of said Owner, unacceptably conditioned, by the final, written decision of the DRC may appeal that decision to the Board of Directors of the Association. Any such appeal must be filed in writing with the Board not more than thirty (30) days after the date of the DRC decision, and must set out with particularity the nature of the objections to the decision and the desired relief. Upon its receipt of a duly filed appeal, the Board shall consider the matter at a meeting to be held not more than forty-five (45) days thereafter. Written notice of the meeting shall be provided to the DRC and the Owner, granting each an opportunity to appear and be heard. At the conclusion of the appeal hearing, including any necessary continuations thereof, the Board shall adopt and provide to the Owner its decision to affirm the DRC decision, affirm it with additional conditions, overturn it, or remand the matter to the DRC with specific instructions for additional consideration. If the DRC is remanded, the subsequent decision of the DRC shall also be subject to appeal by the Owner in the manner set forth in this section.

ARTICLE IX

REVOCATION OR AMENDMENT

Section 9.1 Method of Revocation or Amendment. This Declaration may be amended or revoked, in part in whole, by an instrument duly adopted and executed by the record Owners entitled to vote not less than 75% of the total votes entitled to be cast by all Members of the Association on the effective date of the amendment or revocation, and recorded in the official records of Blaine County, Idaho. Any such revocation or amendment duly adopted and executed shall be binding upon every Owner and Lot, whether the burdens thereon are increased or decreased by any such amendment or revocation, and whether or not the Owner consents thereto.

ARTICLE X

MISCELLANEOUS

Section 10.1 Compliance. Each Owner shall comply with the provisions of this Declaration, Design Criteria, Articles of Incorporation and Bylaws of the Association, and all rules and regulations duly enacted by the Association. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Association or any Owner.

Section 10.2 Mailing Address. Each Owner shall provide the Association with such Owner's mailing address and/or email address, which address shall be used for the mailing or other service of any and all notices, assessments or communications from the Association. Any notice referred to in this section shall be deemed given by the Association when it has been deposited in the United States mail, postage prepaid, or when the email has been sent, addressed to the Owner at the given address.

Section 10.3 Transfer of Rights. Any right or interest reserved hereby to the Declarant may be transferred or assigned by the Declarant to any person or entity.

Section 10.4 Number and Gender. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

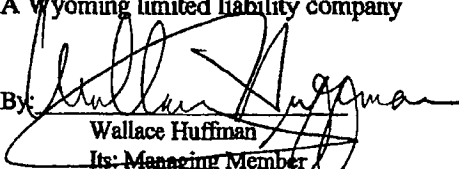
Section 10.5 Severability. If any of the provisions of this Declaration, or any clause, paragraph, sentence, phrase or word or the application thereof in any circumstance shall be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstance shall not be affected thereby.

Section 10.7 Prevailing Law. The provisions of this Declaration shall be construed and enforced pursuant to the laws of the State of Idaho.

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

SUN VALLEY RESORT PROPERTY, LLC,
A Wyoming limited liability company

By:


Wallace Huffman

Its: Managing Member

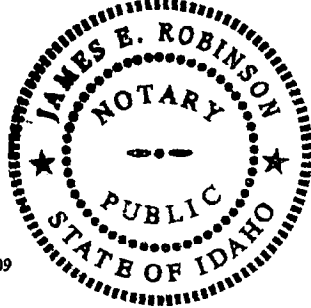
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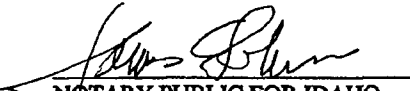
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS - 12

STATE OF IDAHO)
)ss.
County of Blaine)

On this 23 day of September, 2009, before me, a Notary Public, in and for said County and State, personally appeared Wallace Huffman, known or identified to me to be the Managing Member of Sun Valley Resort Property, LLC, the limited liability company that executed the foregoing instrument, and acknowledged to me that such entity executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.




NOTARY PUBLIC FOR IDAHO
Residing at: KETCHUM, IDAHO
My commission expires: 10/01/2009

tr:\real\est\ocr\White Clouds w JER revs 82609

8/26/09

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS - 13

LEGAL DESCRIPTION

**PORTIONS OF WHITE CLOUDS, CORRECTED
SUN VALLEY, IDAHO**

**TOWNSHIP 4 NORTH, RANGE 18 EAST, BOISE MERIDIAN
SECTIONS 6 & 7, SUN VALLEY, BLAINE COUNTY, IDAHO**

Those certain parcels of land lying within WHITE CLOUDS, CORRECTED, A PLANNED UNIT DEVELOPMENT, according to the official plat thereof, recorded as Instrument No. 571308, records of Blaine County, Idaho, said parcels being identified as follows:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 22, 23, 25, 26, 27 and 28, all within Block 1;

AND:

Lots 20, 21, 24, 29 and 30, all within Block 2;

AND:

Parcels A, B, C, E, H, M and N, all within Block 1;

AND:

Parcel D, within Block 2

White Clouds, Corrected

EXHIBIT A