

BYLAWS of PINTO POINT OWNERS ASSOCIATION, INC.
A Nonprofit Corporation

ARTICLE I. OFFICES

The Corporation shall continuously maintain in the State of Idaho a registered office and a registered agent whose office is identical with such registered office and may have other offices within or without the state. Until changed by resolution of the Board of Directors, the registered office in the State of Idaho shall be located at:

Lake City Law Group PLLC 435 W. Hanley Ave. Ste. 101 Coeur d'Alene, ID 83815

ARTICLE II. GENERAL PROVISIONS

SECTION 1.

A. These Bylaws hereby include by reference all of the provisions within the Declaration of Covenants, Conditions, and Restrictions-State Subdivision-Pinto Point, Bonner County, Idaho (CC&Rs) as recorded in Bonner County, Idaho as well as all of the provisions within the Addendum to the Declaration of Covenants, Conditions, and Restrictions-State Subdivision-Pinto Point, Bonner County, Idaho (CC&R Addendum), recorded in Bonner County, Idaho. B. In the event of a disagreement between the Bylaws, the CC&Rs and/or the CC&R Addendum, the governing order of priority shall be as follows: the CC&R Addendum shall have the precedence over the CC&Rs and the CC&R Addendum and CC&Rs shall have precedence over the Bylaws. C. No action shall be taken by the Association Board of Directors that is contrary to the CC&R Addendum or the CC&Rs.

ARTICLE III. STATEMENT OF PURPOSE

It is hereby declared that the purposes for which the Pinto Point Owners' Association (hereinafter the "Association" or "Corporation") is formed are to promote and protect the rights and privileges of the Members and to promote the welfare, advancement and right of privacy of the Members in the lawful enjoyment of the Pinto Point Neighborhood, Priest Lake, Idaho and its environs.

ARTICLE IV. APPLICABILITY OF BYLAWS

The provisions of these Bylaws shall apply to all property within the Pinto Point Subdivision and its associated boundaries.

ARTICLE V. REPEAL OF INCONSISTENT PRIOR RESOLUTIONS AND/OR OTHER ASSOCIATION DOCUMENTS

These Bylaws shall repeal all prior resolutions and/or other documents inconsistent herewith.

ARTICLE VI. MEMBERSHIP

SECTION 1. QUALIFICATION. Membership in the Association shall consist of the Members within the Association who have paid all dues and fees associated therewith, as the same may be established by the Board of Directors from time to time.

SECTION 2. TRANSFER OF MEMBERSHIP. The rights of each Member shall be appurtenant to his or her ownership of a cabin, may not be separated from said ownership, and shall automatically pass to the heirs, successors and assigns (including mortgagees) of an owner upon the recordation of the change in ownership of the lot in the public records of Bonner County, Idaho, and in the records of the Corporation.

SECTION 3. ANNUAL MEETING. An annual meeting of the Members shall be scheduled during the third or fourth quarter of the year or at such other time as shall be designated 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. Failure to hold an annual meeting timely shall in no way affect the terms of Officers or Directors of the Corporation, or the validity of actions of the Corporation.

SECTION 4. SPECIAL MEETINGS. Special meetings of Members may be called by the President, by a majority of the Board of Directors then in office, or by Members owning one-fourth (1/4) or more of the outstanding votes of the Corporation. The purpose of each special meeting shall be stated in the notice and may only include purposes which are lawful and proper for Members to consider.

SECTION 5. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Idaho, as the place of meeting for any

meeting of Members. If no designation is made, then the place of meeting shall be the principal office of the Corporation in the State of Idaho.

SECTION 6. NOTICE OF MEETINGS. Written notice stating the place, date, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, or in the case of a merger or consolidation, sale of assets outside the ordinary course of business, or where otherwise required by law, not less than twenty nor more than sixty days before the meeting, either personally or by mail, electronically or at the direction of the President, the Secretary or the Officers or persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Member at his address as it appears on the records of the Corporation, with postage paid thereon. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

The Board of Directors, by resolution, may elect to forego formal notice of the annual meeting, in accordance with I.C. §30-3-51.

SECTION 7. WAIVER OF NOTICE. A written waiver of notice signed by a Member, whether before or after a meeting, shall be equivalent to the giving of such notice. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when the Member attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 8. VOTING LIST. The Officers having charge of the membership records of the Corporation shall maintain a complete list of the Members entitled to vote at each meeting of Members or any adjournment thereof. The list shall be kept on file at the registered office of the Corporation or at the principal place of business of the Corporation and any Member shall be entitled to inspect the list at any time during usual business hours. The list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any Member at any time during the meeting. If the requirements of this section have not been substantially complied with, then upon demand of any Member in person or by proxy, the meeting shall be adjourned until the requirements are complied with. If no such demand is made, failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

SECTION 9. MEMBER QUORUM AND VOTING. Members holding a majority of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum. The vote of the majority of the votes entitled to be cast by the Members present, by prior written submission or represented proxy at a meeting at which a quorum is present, shall be the act of Members, unless the vote of a greater number is required by law, the Articles of Incorporation or these Bylaws.

SECTION 10. VOTES. The owner of each lot in the area encompassed by this Corporation shall be entitled to one vote on each matter submitted to the Members. If a lot is owned by two or more people, then the owners of that lot shall designate in writing one owner as its proxy to cast its vote and represent that lot. If a lot is owned by a corporation, trust or other non-natural person who is a Member, then it shall designate in writing a natural person as its proxy to cast its vote and represent that lot.

SECTION 11. PROXIES. Each Member is entitled to vote at a meeting of Members or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy. Every proxy shall be in writing and shall be signed by the Member or his otherwise duly authorized attorney in fact. No proxy shall be valid after the expiration of eleven months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it, except as otherwise provided by law.

SECTION 12. ACTION WITHOUT MEETING. Any action required to be taken at a meeting of the Members, or other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a majority of the Members entitled to vote with respect to the subject matter thereof.

SECTION 13. VOTING BY BALLOT. Voting on any question or in any election may be by voice, unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

ARTICLE VII. MEETINGS

SECTION 1. BOARD OF DIRECTORS

A. BI-ANNUAL MEETINGS. The Board of Directors shall hold biannual meetings on or about April and October, as provided in these Bylaws.

B. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, or upon the request of any member of the Board of Directors. Special Board Meetings may include Executive Sessions of the Board for personal matters, financial discussions, etc. The Board of Directors shall meet within approximately 30 days, after the Annual Member Meeting, for the purpose of electing officers.

C. MEETING NOTICE. Notice of a meeting of the Board of Directors may be given by telephone, email, or mail to each member of the Board of Directors at the telephone number, email address, or mailing address shown on record by the Association.

D. ORDER OF BUSINESS. The order of business at regular Board meetings, and insofar as possible at all other meetings, shall take place as follows: a. Calling to order and proof of quorum; b. Reading and action upon any unapproved minutes; c. Reports of officers and committees; d. Unfinished business; e. New business; f. Adjournment.

E. PUBLIC PARTICIPATION. Regular and special meetings of the Board shall be open to the public as provided by law.

F. IMMEDIATE ACTION. In the event immediate action is necessary and there is not sufficient time for a formal meeting of the Board, the President is authorized to poll the Board by telephone or electronic mail. Any action so agreed upon and undertaken must be ratified at the next meeting of the Board of Directors.

G. ABSENTEE PARTICIPATION. When a Board member knows that he/she is going to be absent from a Board meeting, he/she may express his/her views on any particular matter in a letter or electronic mail to the President. The President may then cause the letter to be counted as a vote on said matter.

H. QUORUM. A majority of the elected Board members present at a Board Meeting shall constitute a quorum of any Board meeting.

ARTICLE VIII. ELECTION OF BOARD OF DIRECTORS

SECTION 1. ELIGIBILITY. Idaho State Cottage Site Lessees and Property Owners within the Pinto Point Subdivision shall be eligible to serve on the Board of Directors. There shall be five (5) or more Board members duly elected by the Members of the Owners' Association. There shall be no more than one Board Member or Trustee per lot. Election of one (1) or more Directors shall take place annually by ballot mailed or electronically transmitted to the Members of the Owners' Association. The ballot shall consist of a slate of names and a space for write-ins and will designate nominees for a three (3) year term of office.

SECTION 2. OFFICER APPOINTMENT. The Board shall elect one of its Members to be President of the Owners' Association and another Member to be Vice-President. The Board shall also appoint a Secretary and Treasurer of the Board and for the Owners' Association, who may or may not be member(s) of the Board and, if not already a member of the Board, shall become an ex-officio but non-voting member of the Board. The Secretary and Treasurer may be one person. Non-voting Trustees may be appointed from the membership by majority vote of the Board of Directors. Trustees shall serve until the Board Meeting, following the next annual meeting and may be re-appointed at that time.

SECTION 3. VACANCIES. The Board shall choose persons from the qualified electors of the Owners' Association to fill vacancies occurring between elections, such appointees to act until the next biennial election when the vacancies shall be filled by election.

ARTICLE IX. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors shall have all the powers, duties, and responsibilities as are now or may hereafter be provided by the Idaho Nonprofit Corporation Act, the Articles of Incorporation, and these Bylaws, including but not limited to the following:

A. Fixing and increasing or decreasing, as necessary, as well as collecting, such membership fees and/or special assessment fees as may be necessary to carry out the Association's responsibilities as provided by these Bylaws.

B. To hold meetings, at least annually, after the annual meeting of Members. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

C. Assuring that annual financial reviews are made of the Association's financial affairs, adopting an annual budget, and conducting elections, all in accordance with the Idaho Nonprofit Corporation Act.

D. To make and enforce all Corporation rules and administrative rules and regulations.

F. To engage the services of a manager or managing company, accountants, attorneys, or other employees or agents and to pay to said persons a reasonable compensation, therefore.

G. To enter into contracts, deeds, leases, or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

H. To open bank accounts on behalf of the Corporation and to designate the signatures therefore.

I. To bring, prosecute, and settle litigation for itself, the Corporation and the Association provided that it shall make no settlement which results in a liability against the Board of Directors, the Corporation, or the property in excess of \$1,000.00 without prior approval of a majority of Members.

J. To obtain insurance for the Association.

K. To take action against the responsible party to repair or restore the property following damage or destruction, or a permanent taking by the power of, or power in the nature of, eminent domain or by an action or deed in lieu of condemnation.

L. To own, purchase or lease, hold and sell, or otherwise dispose of, on behalf of the lot owners, items of personal property necessary to or convenient in the management of the business and affairs of the Corporation and the Board of Directors and in the operation of the Association.

M. To keep adequate books and records.

N. To approve and sign checks and issue payment vouchers.

ARTICLE X. DUTIES OF OFFICERS

SECTION 1. PRESIDENT. It shall be the duty of the President to preside at all regular and special meetings of the Association; to act as Chairperson of the Board of Directors; to appoint standing and special committees; and to perform such other duties pertaining to the office.

SECTION 2. VICE PRESIDENT. In the absence of the President, the Vice President shall preside at meetings and perform the duties of the President.

SECTION 3. SECRETARY. It shall be the duty of the Secretary to keep records and Minutes of general meetings, meetings of the Board and perform any other duties as deemed necessary by the Board of Directors.

SECTION 4. TREASURER.

A. The Treasurer shall be the custodian of all funds of the Association and shall disburse the same only on order of the Board of Directors. A Treasurer's report shall be given to the Board at their meetings and to the general membership at their meetings.

B. The Treasurer shall issue checks for disbursements. Checks over one thousand dollars (\$1000.00) shall be signed by the Treasurer with written approval by either the President or Vice President.

SECTION 5. MISCELLANEOUS

A. An officer, committee chairperson, or Member shall not incur any expenses without approval of the majority of the Board of Directors present at a meeting of the Board. The Board may authorize an officer of the Association to incur and pay the ordinary and necessary ongoing expenses.

B. Each year the Board of Directors shall appoint an individual or entity to conduct a financial review of the records of the Association, which review shall be completed at least 30 days prior to the annual meeting. The individual or entity so appointed shall not be a member or officer of the Board of Directors of the Association and shall exercise independent judgment when conducting the financial review. The financial review shall include a written report to the Board of any irregularities or disparities discovered or determined to exist by the reviewer.

C. The books and records of the Association shall be available for inspection by any Member of the Association upon reasonable notice.

D. A detailed listing of the Officer Duties shall be maintained on the website.

ARTICLE XI. DUES AND FEES

SECTION 1. MEMBERSHIP FEE. The membership fee and any special assessment shall be determined by the Board of Directors, subject to review by the general membership at the annual meeting. In case of joint, conjugal, or trust ownership, the fee shall be assessed for each lot, not for each individual Member.

SECTION 2. DUE DATE. Fees shall be due on the date indicated on the Annual Invoice. The Member's cancelled check shall constitute evidence of receipt of payment.

SECTION 3. "GOOD STANDING". All dues, fees and assessments must be paid in full for a Member to be considered in "good standing". A Member must be in "good standing" in order to vote.

ARTICLE XII. DEFAULT IN PAYMENTS, LIEN IMPOSED

A. All expense assessments shall be a separate, distinct, and personal liability of the owner of the lot at the time each assessment is made. The Board of Directors shall have the rights and remedies contained in the Articles of Incorporation and these Bylaws to enforce the collection of assessments for expenses.

B. Any person who shall have entered into a written agreement to purchase a lot/cottage shall be entitled to obtain a written statement from the Treasurer setting forth the amount of unpaid assessments charged against the lot and its Owners, and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the current Owner shall be liable for the payment of an amount in excess of the unpaid assessments shown thereon, provided that the former Owner grantor shall remain so liable. Any such excess which cannot be promptly collected from the former Owner grantor shall be reassessed by the Board of Directors as a common expense to be collected from all Owners, including without limitation the purchaser of the lot/cottage, his successors, and assigns. The new Owner shall, and the former Owner shall not, be liable for any assessments made after the date of transfer of title to a lot/cottage, even though the expenses incurred or the advances made by the Board of Directors for which the assessment is made relate in whole or in part to any period prior to that date.

C. In the event that title to a lot/cottage is transferred by foreclosure, the Board of Directors shall give notice in writing to the sheriff or foreclosing party of any unpaid assessments for expenses which are a lien against the lot/cottage, and for any expenses of or advances by the Board of Directors which have not theretofore been reduced to a lien, which shall be paid out of the proceeds of the sale prior to the distribution of any balance to the former lot owner against whom the execution was issued or foreclosure brought. The purchaser at such foreclosure sale and the lot involved shall not be liable for unpaid assessments for expenses and for any expenses of or advances by the Board of Directors which became due prior to the foreclosure sale of the lot/cottage. Any such unpaid assessments which cannot be protect its right to collect unpaid assessments for expenses which are a lien against

a lot/cottage and for any expenses of and advances by the Board of Directors, the promptly collected from the former Owner shall be reassessed by the Board of Directors as an expense to be collected from all of the Owners, including the purchaser who acquired title at the foreclosure sale, his successors, and assigns. To Board of Directors may on behalf of all the Owners, purchase the lot at foreclosure sale, provided such action is authorized by the affirmative vote of a majority of the members of the Board of Directors.

D. In addition to the statement issuable to purchasers of lots, the Board of Directors shall provide a current statement of unpaid assessments for common expense and for any expenses of and advances by the Board of Directors in respect to the lot/cottage, to the Owner, to any person who shall have entered into a binding agreement to purchase the lot/cottage and to any mortgagee on request at reasonable intervals.

E. In all cases where all or part of any assessments for expenses and for any expenses of and advances by the Board of Directors cannot be promptly collected from the persons or entities liable therefore under the Articles of Incorporation or these Bylaws, the Board of Directors shall reassess the same as a common expense, without prejudice to its rights of collection against such persons or entities.

F. Lien for unpaid assessments:

1. All sums assessed to any lot pursuant to this section, together with interest thereon as provided herein, shall be secured by a lien on such lot in favor of the Corporation.

2. To evidence a lien for sums assessed pursuant to this section, the Board of Directors may prepare a written notice of lien setting forth the amount of the assessment, the due date, the amount remaining unpaid, the name of the Owner, the street address of the lot/cottage and the Legal Description of the Lot. Such a notice shall be signed by such body and may be recorded in the office of the County Recorder of Bonner County, Idaho. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such liens shall include not only the delinquent assessments, but also all costs and attorney fees incurred in preparing and recording the notice, and may be enforced by foreclosure by the Board of Directors in the manner provided by law for the foreclosure of liens. In any such foreclosure, the owner shall be required to pay the cost and expense of such proceeding, the cost and expenses of filing the notice of lien, and all reasonable attorney's fees. All such costs, expenses, and fees shall be secured by the lien being foreclosed. The lien shall also secure, and the owner shall also be the foreclosure sale or other legal sale to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the same as the Owner thereof, but shall not

obligate the Corporation or any of its Members to any additional cost or charge in required to pay to the Board of Directors, any assessments against the lot/cottage which shall become due during the period of foreclosure. The Board of Directors shall have the right and the power to bid an amount equal to its then existing lien at relation to the acquisition of such property and unrelated to the operation of the System (i.e. to the payment of any underlying liens, charges or assessments) without the express written consent of all of the Members.

3. A release of lien shall be executed by the Board of Directors and recorded in the office of the County Recorder of Bonner County, upon payment of all sums secured by a lien which has been made the subject of a recorded notice of lien.

4. The amount of any annual or special assessment against any lot/cottage shall be the personal obligation of the Owner thereof to the Corporation. Suit to recover a money judgment for such personal obligation shall be maintainable by the Board of Directors without foreclosing or waiving the lien securing the same. No owner may avoid or diminish any personal obligation by waiver of the use and enjoyment of any of the System or by abandonment of his lot/cottage.

5. In addition to and not limited by any other remedy provided for herein, the Board of Directors may restrict or deny the use and enjoyment of the System to any owner, his family, guests or assigns who is delinquent in the payment of any regular or special assessment.

6. Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the rate of twelve (12%) percent per annum or the maximum allowed by Idaho Law or at such lower rate of interest as may be set by the Board of Directors, from the date when due until paid. All payments on account shall be first applied to interest and then to the assessment payment first due.

ARTICLE XIII. AMENDMENTS

These Bylaws, rules and procedures may be amended from time to time by a majority vote of the Board of Directors.

ARTICLE XIV. VIOLATIONS

A willful violation of these Bylaws, at the discretion of the Board, may be prosecuted civilly, by the initiation of an appropriate civil action in the District Court for Bonner County, Idaho. In the event the Board shall decide to prosecute any violation of these rules as a civil matter, the Defendant, if found at fault in such action, shall be required to pay, in addition to statutory costs, any and all reasonable attorney's fees incurred in the course of such action.

ARTICLE XV. NONPROFIT OPERATION

The Corporation will not have or issue shares of stock. No dividends will be paid. No part of the income or assets of the Corporation will be distributed to its Members, Directors or Officers without full consideration. The Corporation may contract in due course with its Members, Directors and Officers without violating this provision.

ARTICLE XVI. INDEMNIFICATION

The Corporation shall indemnify each Officer, Director, employee and agent, including former Officers and Directors, to the full extent permitted by Idaho Code §30-30-626 of the Idaho Nonprofit Corporation Act.

ARTICLE XVII. WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the Idaho Nonprofit Corporation Act of the State of Idaho, 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.

ARTICLE XVIII. OTHER PROVISIONS

A. These Bylaws, rules and procedures are intended to supplement and not supplant or conflict with the laws of the State of Idaho, or any applicable ordinances and regulations of Bonner County and/or the Panhandle Health District.

