

AMENDED BYLAWS
OF
CAVE BAY COMMUNITY SERVICES, INC.

ARTICLE I

PRINCIPAL OFFICE

OFFICES

The principal office of this corporation in the State of Idaho shall be in Cave Bay, Kootenai County, Idaho. Mailing address: Registered Agent, Cave Bay Community Services, Inc., Route 1, Worley, Idaho 83876. The Corporation may have such other offices as the Board of Directors deems necessary.

ARTICLE II

MEMBERSHIP

CLASS OF MEMBERS

Section 1: The Corporation shall have one class of members, who shall be owners or contract purchasers of property in Cave Bay Homesites or Additions thereto, in Kootenai County, Idaho. Members will hold one share of stock for each lot owned or under purchase and/or fractional share of stock for each fractional portion of lot owned or under purchase.

VOTING RIGHTS

Section 2: Members shall be entitled to one vote per share, or fractional vote per fractional share, except for special assessments as specified in Article XI.

SUSPENSION

Section 3: A member may be suspended from the Corporation and lose all corporate rights for non-payment of fees or assessments. The procedure for suspension is as follows:

1. After a period of thirty (30) days delinquency in payment of member's fees or assessments, a notice of the delinquency is sent to the member from the Treasurer of Cave Bay Community Services, Inc., by certified mail, return receipt requested.

(Billings for assessments are made for fiscal year term July 1-June 30. Billings unpaid after June 30 of that fiscal year shall be considered delinquent.);

2. After an additional thirty (30) days delinquency, a second notice citing failure to make payment is sent by certified mail, return receipt requested, and a notice of suspension hearing is announced;

3. A final determination of suspension will be made by a minimum two-thirds (2/3) majority vote of the Board of Directors. During suspension, a member shall lose all rights to vote, use of corporate facilities, or enjoyment of any of the advantages of a corporate member. While suspended, a member is still responsible for fees and assessments, and suspension of membership shall not in any way prohibit any legal remedy, including, but not limited to, the filing of liens or foreclosure in order to secure recovery of fees and assessments.

TRANSFER

Section 4: All shares of stock are non-transferable and non-assignable. If a member sells or transfers property to another, that share of stock is retired and made null and void. The new owner is issued a new stock share/certificate for ten dollars (\$10.00) upon notification by both parties to the Board that the transfer of the property has been completed and all outstanding fees and assessments have been paid.

REINSTATEMENT

Section 5: A member whose membership has been suspended may have such membership reinstated upon the approval of a two-thirds (2/3) majority vote of the Board of Directors. Such vote may be taken only after all fees and assessments have been brought current and the suspended member has fulfilled all the obligations of general membership. The application for reinstatement shall be made in writing by the suspended member and filed for action with the Board Treasurer, accompanied by a non-refundable fee of Fifty Dollars (\$50.00).

ARTICLE III

MEETING OF MEMBERS

ANNUAL MEETING

Section 1: The annual meeting of the membership, for the purpose of electing directors and transacting any other business, shall be held in Kootenai County, Idaho, on a Saturday in June of each year. In the announcement of the meeting, the specific date, place and commencement time will be included.

SPECIAL MEETINGS

Section 2: Special meetings of the membership may be called by the President, or upon the request of at least twenty (20) members. The President, or the requesting members, may designate any reasonable place in Kootenai County, Idaho, as the location for the special meeting. Due notification of such meetings (see Section 3) must be given.

NOTICE OF MEETING

Section 3: Written notice from the Board stating the place, day and hour of the annual or special meeting of members shall be delivered either personally or by mail to each member entitled to vote at such meeting, not less than ten (10) days nor more than thirty (30) days before the date of such meeting. In case of special meetings, the purpose for which the meeting has been called shall be stated specifically in the notice. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as listed in the Corporation's records.

ACTION BY CONSENT

Section 4: Should the Corporation be required by law to take action promptly on any issue requiring full membership participation, the Board Secretary will poll the members as follows: a ballot will be prepared, clearly stating the issue(s) for consideration, the rationale for action, and the position of the Board with justification, and "yes" and "no" boxes for the member to record his vote. The ballots returned will be counted by the Board, or a committee appointed by the Board, and the Board will take action in accordance with a vote of the necessary majority for the action required, of the ballots returned.

QUORUM

Section 5: Twenty percent (20%) of the total membership, including proxies, shall constitute a quorum for the membership meetings of the Corporation.

PROXIES

Section 6: At any membership meeting, members may vote by proxy either by executing the proposals on the proxy or by designating an agent in writing on the proxy. A proxy form will be sent with each meeting announcement.

REGULAR BUSINESS

Section 7: All actions brought before the membership for vote at an annual, regular, or special meeting, will be carried by simple majority, except as otherwise stated in these Bylaws. All meetings will be conducted in accordance with Roberts Rules of Order.

ARTICLE IV

GOVERNING BODY

GENERAL POWERS

The total membership of the Corporation constitutes the final authority for the governing of this Corporation. A duly elected Board will represent the interests of the Corporation and is charged with carrying out the general business of this Corporation. The Board of Directors is granted the powers and assigned the duties necessary for the administration and management of the affairs of Cave Bay Community Services, Inc., to the full extent as allowed under law.

ARTICLE V

BOARD OF DIRECTORS

TERM OF DIRECTORS

Section 1: The Board of Directors shall consist of nine (9) directors, each of whom must be a member in good standing of Cave Bay Community Services, Inc. Each Director shall hold office for a term of three (3) years, with the directors having staggered terms so as to elect three directors each year to the nine-member Board.

ELECTION OF BOARD OF DIRECTORS

Section 2: The Board of Directors shall appoint a nominating committee yearly to present a slate of candidates for consideration by the membership for the election to the expired positions on the Board. The Nominations Committee will present a list of three or more candidates, attesting that each candidate listed has consented to run for office. At the annual meeting, the President shall also offer opportunity for nominations from the floor. Cumulative voting will not be allowed.

DISQUALIFICATION OR REMOVAL

Section 3: A Director may be disqualified or removed from the Board for any of the following reasons:

- (a) Loss of membership in the Corporation;
- (b) Unexcused absence from three (3) consecutive Board of Directors' meetings without just cause; and
- (c) A conflict of interest between outside activities and duties as a Director.

The final determination of disqualification shall be made upon a two-thirds (2/3) vote of the Board of Directors. Upon such an affirmative determination of disqualification, that position shall be considered vacant.

VACANCIES

Section 4: A vacancy in any office because of death, resignation, removal, disqualification or otherwise shall be filled for the remainder of the previous Director's term through appointment by the remaining members of the Board.

QUORUM

Section 5: The presence of five (5) Directors at any meeting of the Board shall constitute a quorum.

REGULAR MEETINGS

Section 6: Regular meetings of the Board of Directors shall be conducted at least quarterly at a time and a place chosen by the Board and convenient to the Cave Bay Community. Notice of all meetings of the Board of Directors must be given to each Director personally, by mail, or by telephone or telegraph at least three (3) days prior to the date of the meeting. Such notice also shall be displayed in a prominent place or places within the Cave Bay Community.

SPECIAL MEETINGS

Section 7: A special meeting of the Board of Directors may be called by the President or by written notice signed by three Directors other than the President. Notice of such meeting shall be provided to all Directors and also posted in a prominent place or places within the Cave Bay Community. The notice shall detail the nature of the special business to be considered by the Board.

WAIVER OF NOTICE

Section 8: Before or at any meeting of the Board, any Director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to giving a notice to the Director. Attendance by a Director at any meeting of the Board shall be a waiver of notice to that Director of the time and the place of the meeting except where such attendance is for the limited and expressed purpose of objecting to the transaction of any business at the meeting because the meeting was not lawfully called or convened.

ACTIONS BY CONSENT OF DIRECTORS

Section 9: Emergency actions by the Board of Directors may be taken apart from a formal meeting. All Board members must be polled, votes of nay or yea results, and absent members declared during the next Board meeting and shall be ratified with purpose stated in the next Board meeting minutes.

BOARD MEETING OPEN TO MEMBERS

Section 10: Regular and special meetings of the Board shall be open to all members of Cave Bay Community Services, Inc. Members in attendance who are not on the Board may participate in discussion at the invitation of the Board.

EXECUTIVE SESSION

Section 11: During a Board meeting, the Board may move to Executive Session in order to discuss sensitive, personnel, or litigation issues. Before entering into the closed session, the Board will identify the issues to be discussed.

ARTICLE VI

OFFICERS OF CORPORATION

TITLES AND APPOINTMENTS POWER

Section 1: The officers of the Corporation shall constitute the Board of Directors of the Corporation. The officers shall consist of a President, a Vice-President, a Secretary, a Treasurer and five (5) Directors at large. The Board of Directors shall nominate and elect the officers. The Board of Directors may also appoint such staff as they may deem desirable. Each staff member will be given a clear understanding of the nature and extent of his/her duties and the authority to carry out the assignment under the supervision of the President.

ELECTION AND TERM

Section 2: The election of officers shall take place at the first meeting of the Board of Directors following the annual membership meeting. The term of office shall be for one (1) year.

VACANCIES

Section 3: A vacancy in any office will be filled by appointment of the Board of Directors. The new officer appointed shall serve for the remainder of the term of the officer replaced.

PRESIDENT

Section 4: The President shall be the chief executive officer of the Corporation and supervise and control the business affairs of the Corporation. He/she shall preside at all meetings; shall sign (with the Secretary and Treasurer, or any other proper officer of the Corporation authorized by the Board of Directors) any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed; and shall perform any other duties incident to the office of President and prescribed by the Board of Directors.

VICE-PRESIDENT

Section 5: The Vice-President shall perform the duties of the President in the President's absence and any other duties assigned by the President and/or the Board. In the event of an extended incapacity or death of the President, the Vice-President will assume the Presidency for the completion of the regular term of office.

SECRETARY

Section 6: The Secretary shall keep the minutes of all meetings of the Corporation in record books provided for that purpose; record all votes of each Board Member; see that all notices are duly prepared and distributed in accordance with the provisions of these Bylaws or as required by law; serve as custodian of the Corporate records and bearer of the Seal of the Corporation, and see that the Seal of the Corporation is affixed to all official corporate documents; issue certificates; assure prompt posting of all official actions of the Board (i.e. regular and special meeting) on the official Bulletin Board of CBCS and perform all other duties incident to the office or assigned by the President and the Board.

TREASURER

Section 7: The Treasurer shall have charge of and be responsible for all funds and securities of the Corporation; receive and give receipts if necessary for all monies paid to the Corporation; and deposit all funds in the name of the Corporation in such depositories as have been arranged for by the Corporation. The Treasurer will keep a register of the current post office address of each Corporation member as furnished by each member; provide the Secretary with the current financial status reports for inclusion in the posted minutes of CBCS regular and special meetings; and will also carry out all duties incident to the office and such other special duties as from time to time may be assigned to him or her by the President and/or the Board.

DIRECTORS-AT-LARGE

Section 8: The Directors-at-Large individually and/or collectively will carry out the normal responsibilities of Corporate Directors; they will perform such other duties as are assigned by the President and/or Board, including, but not limited to, chairing ad hoc or standing committees, and directly assisting other offices in their assignments.

COMPENSATION

Section 9: The officers shall not be entitled to remuneration by the Corporation for performing their assignments of office. However, officers will be allowed to petition the Board for approval of non-salaried expenses which may be incurred in direct performance of their duties (e.g., Board authorized travel and per diem). Staff members may receive compensation and reimbursement of incurred expenses for their officially approved services on behalf of the Corporation as authorized by the Board of Directors.

ARTICLE VII

RECEIPT OF NON-CORPORATE ASSETS

GIFTS

The Board of Directors of the Corporation may accept, on behalf of the Corporation, any contribution, gift, bequest, or devise for general purposes or special purpose of the Corporation.

ARTICLE VIII

CERTIFICATES AND MEMBERSHIP

ISSUANCE OF CERTIFICATE

Section 1: When a party newly acquires property in Cave Bay Homesites or Additions, that party becomes eligible for membership and a stock certificate shall be issued in the name(s) of the property owner, and delivered to them by the Secretary. Such stock certificate shall be signed by the President and Secretary and sealed with the seal of the Corporation. All stock certificates shall be consecutively numbered. The name(s) and address of the stock certificate recipient, the certificate number, and the date of issuance of the certificate shall be entered on the stock records of the Corporation. The procedure outlined in Article II, Section 5, may also apply.

RETIREMENT OF CERTIFICATE

Section 2: Upon transfer of a member's interest in a property in Cave Bay Homesites and Additions, the member's stock certificate shall be retired and such action will be promptly recorded in the Corporation's records.

ARTICLE IX

BOOKS AND RECORDS

The Corporation shall maintain correct and complete records of all accounts, assets, membership lists, and full proceedings of all official meetings. Such records shall be kept at the Corporation's principal office and must be held available for inspection by any member or that member's duly designated agent at any reasonable time.

ARTICLE X

FISCAL YEAR

The fiscal year of the Corporation shall run from July 1 through June 30 of each year.

ARTICLE XI

ASSESSMENTS, FEES AND CHARGES

All regular and special assessments, fees, and charges shall be listed by the CBCS Board on a "Fee Schedule" prepared and maintained through the office of the President and made available to all Corporation members through the Secretary's office, with a further copy posted upon the Corporation's Bulletin Board.

In further sections of this Article, wherever assessments and fees indicate, specific current dollar assignments will be listed in the Fee Schedule.

PURPOSE OF ASSESSMENTS

Section 1: All assessments levied by Cave Bay Community Services, Inc., in accord with the Corporation's "not-for-profit" status, must be applied judiciously. Income generated through assessments will be used for maintenance and improvements of Corporate areas and in promoting the recreation, health, safety and welfare of all the members and their families in Cave Bay Homesites and Additions. The following three assessments may be charged against each lot in accordance with the requirements and restrictions that follow: regular assessments, special assessments, and extraordinary emergency assessments.

Each assessment, together with any collection costs (including, but not limited to any interest, costs, or attorney's fees), shall be the personal obligation of the property owner, contract purchaser, or party whose name appears on the assessment rolls for that particular lot.

Further, any assessment, in accordance with the Articles of Incorporation and the laws of the State of Idaho, may be secured by a lien against a non-paying member's real property, and all assessments shall be constructive real covenants affecting title of real property of each member. No member may exempt himself from any liability for assessment.

REGULAR ASSESSMENT

Section 2: The Board of Directors shall be empowered to levy regular assessments on homes and properties and increase those assessments up to five percent (5%) per year, without full membership vote, toward the maintenance and improvement of the roads and streets, water system, sewage system, launch area, swimming area, and any other community-owned facility or common area of the Corporation, along with other necessary and desirable purposes for the benefit of the Corporation membership. These regular assessments are due and payable upon receipt of annual assessment notice.

SPECIAL ASSESSMENTS

Section 3: In addition to regular assessments as authorized above, the Board of Directors may levy further assessments for the use of special facilities within Cave Bay Homesites and Additions. The special assessments collected will be used exclusively for those specified facilities, and the funds so collected and applied will be kept separate and distinct from general corporate funds. Special assessments may be increased by the Board of Directors up to five percent (5%) per year, without full membership vote, for the following services:

A. Boat Dock Use Fees:

1. The Corporation, as total and exclusive owner of the common boat docks, breakwater, access and parking area, shall, through its Board of Directors, sell the use rights to boat slips to Corporation members only, on an exclusive, open-ended and continuous contract use basis at a maximum rate of one (1) slip per share of corporate stock. (Not applicable to fraction share(s) of stock.)

2. For the above exclusive continuous use right to each boat slip, the member shall pay an initial fee set by the Board of Directors, and will be issued a special boat slip use certificate in evidence of that exclusive right.

3. In the event a member, holding a special boat slip use certificate sells or otherwise transfers his property in Cave Bay Community to a new owner, said certificate shall be transferred to the new owner by the Board Treasurer, and this transaction will be recorded promptly by the Treasurer in the appropriate Corporation record book.

4. Each boat slip certificate owner shall pay an annual assessment toward the continuing maintenance of the docks, slips, breakwater, and access area.

5. (This item deleted in 1996 because all boat slips have been sold).

B. Television Use Fees: All members who are served by the cable television system owned by Cave Bay Community Services, Inc., shall pay an initial hookup fee. Consult CBCS Fee Schedule for applicable fee. Further, those members receiving the standard service shall pay an annual assessment toward maintenance of the basic television system. When option of expanded channel coverage becomes available, the Board of Directors shall determine that hookup fee and annual assessment.

C. Water and Sewer Hookup Fee: A one-time assessment is charged upon each initial connection to the CBCS water and sewer systems. Fees must be paid and notice of date of connection must be at least two days prior to connection. Consult CBCS Fee Schedule for applicable fees.

D. Special Assessments Payments: All special assessments shall be due and payable upon receipt of annual assessment notice. All special assessments shall be spent exclusively for the maintenance and/or improvement of the special use for which the assessment is assigned. Any change in the special assessment shall require a two-thirds (2/3) majority vote of the Board of Directors and majority vote of Corporation members who are paying that special assessment.

E. Forfeiture of Special Use: In the event a special assessment is thirty (30) days delinquent in payment, a notice of delinquency shall be sent to the member from the Treasurer,

and use of the facility shall be suspended until payments of arrearage and any collection charges are made in full. In the event that two (2) years shall pass without delinquency being satisfied, the member shall permanently forfeit any use or right to use the Corporation property on which the special assessment was due.

EXTRAORDINARY EMERGENCY ASSESSMENTS

Section 4: In addition to the regular and special assessments, the Board of Directors is granted emergency powers to levy an extraordinary assessment on lots and residential dwellings located in Cave Bay Homesites and Additions thereto. Such extraordinary emergency assessments may be assessed with the consent of a majority of the Corporation members or by a vote of two-thirds (2/3) of the Board of Directors; however, any extraordinary emergency assessment made by the Board of Directors cannot exceed ten percent (10%) of the regular annual property assessment. The Board of Directors may only levy an extraordinary emergency assessment in the case of a bona-fide emergency, and after the four following criteria have been fulfilled:

1. The need was not foreseeable at the date of the last annual meeting of the membership;
2. The need must relate in whole, or in part, to reconstruction, repair, or replacement of a capital improvement on which the residents of Cave Bay Homesites or Additions depend, or relates to the immediate protection of Corporate property, title and imminent liability;
3. The need must require immediate action;
4. The Board of Directors has determined that insufficient Corporate funds are available to meet the requirements of both the extraordinary emergency event and the regular costs of operations of the Corporation.

FURTHER ASSESSMENTS

Section 5: Further assessments for any Corporate purpose, beyond those previously described, must be approved by a majority vote of the quorum of the Corporate membership at any duly called meeting. Notice of such meeting shall be sent to all members. The notice indicating the purpose of the proposed assessment(s) will also inform the members of the time and place of the meeting. Members may vote by proxy for or against the proposed assessment or assessments. All votes on regular or extraordinary emergency assessments shall be proportioned on the basis of one (1) vote for each lot and/or fractional vote for fractional lot, and one (1) vote for each dwelling. Members owning a lot with a dwelling unit shall be entitled to two (2) votes (one (1) vote for the lot and one (1) vote for the dwelling unit.)

In cases of further special assessments, only those members using the particular special facility in question will participate in voting on further increased assessments applied to the particular special use.

The limitation in this section shall apply only to assessments and shall not eliminate the rights of the Corporation membership to regulate use within the bounds of these Bylaws, the Articles of Incorporation, and the laws of the State of Idaho.

ARTICLE XII

OPERATING RULES

A set of rules was approved and adopted on June 18, 1988, by the entire membership. These rules govern the use of the Corporation's property, including water wells, water reservoir, the water distribution system, the sewer collection system and sewer lagoons, the road system, the boat launching and swimming areas, and any other property or rights acquired by the Corporation. Any changes in these rules require majority action by the Corporation membership.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice is required to be given under the statutes of the State of Idaho or under the provisions of the Articles of Incorporation or these Bylaws, 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 the legal equivalent to the granting of such notice.

ARTICLE XIV

AMENDMENTS TO BYLAWS

The Bylaws of this non-profit Corporation, incorporated under Chapter 30 of the Idaho Code, may be altered, amended, or new Bylaws adopted at any regular or special meeting of the Corporation members, called for such purpose, by the affirmative vote of two-thirds (2/3) of the membership present at such meeting; provided, that a quorum as specified in the Bylaws of the Corporation be present. Notice of the proposed change or changes in the Bylaws must be given in the written notice calling for the meeting.

ARTICLE XV

POLICY STATEMENT

The members, recognizing that the government of this Corporation is important to all the members' families, wish to encourage participation and discussion in Corporate meetings by all concerned.

IN WITNESS WHEREOF, the undersigned certify the above stated Bylaws, as amended, were duly and lawfully accepted by more than two-thirds (2/3) of the membership present at the lawfully convened annual membership meeting, a quorum being present, of Cave Bay Community Services, Inc., as held at Worley, Idaho, on June 22, 1996.

CAVE BAY COMMUNITY SERVICES, INC.

By Barbara Romine
President
Cave Bay Community Services, Inc.

ATTEST

Alex Boudard
Secretary

DIRECTORS:

Kyle Drake
Steve Drake
Kathy Laird

Patrick Kable
Ralph G. McAllister
Eileen M. Wells
Marjorie Nelson

Fee Schedule

Cave Bay Community Service (CBCS)

Effective Date: June 22, 1996

- | | Current Fee |
|--|--------------------------|
| 1. Improved Lot with House - Annual Fee _____
*(Water and/or Sewer connection is established to house/building) | \$211.00 |
| 2. Unimproved Lot Annual Fee _____
*(No Water and/or Sewer connection) | \$78.75 |
| 3. Improved Lot Annual Fee _____
*(Water and/or Sewer connection established or fees paid) | \$112.00 |
| 4. Community Dock Annual Assessment Fee _____
Special Annual Dock Assessment Fee _____
(For fiscal year 7/1/95 to 6/30/96 and 7/1/96 to 6/30/97) | \$100.00
\$100.00 |
| 5. TV Annual Assessment Fee _____ | \$20.00 |
| 6. TV Connection Fee _____ | \$100.00 |
| 7. Sewer Connection Fee _____
Plus Inspection fee at (one hour minimum) _____ | \$200.00
\$15.00 hour |
| 8. Water Connection Fee _____
Plus Inspection fee at (one hour minimum) _____ | \$200.00
\$15.00 hour |
| 9. Fee Schedule period is July 1 to June 30. All fees must be paid by June 30.
Late fee for unpaid fees 5% plus 1% per month. | |

* When a lot is connected to either the Water or the Sewer system then the annual assessment for that lot will rise from the *Unimproved Lot* fee to the *Improved Lot* fee.

CAVE BAY COMMUNITY SERVICES, INC.

By Barbessa Romine Date: 8/24/96

President, Cave Bay Community Services, Inc.