

B Y L A W S

GROUSE MEADOWS OWNERS' ASSOCIATION, INC.

ARTICLE I.  
PURPOSE

The purposes for this Association is formed and the powers which it may exercise, are set forth in the Articles of Incorporation of this Association and Amendments thereto.

ARTICLE II.  
NAME AND LOCATION

The name of this Association is: "GROUSE MEADOWS OWNERS' ASSOCIATION, INC."

ARTICLE III.  
FISCAL YEAR

The fiscal year of this Association shall begin the first day of January of each year and end on the 31st day of December of said year.

ARTICLE IV.  
MEMBERS

The purpose of this Association is to maintain and make available to its member such management and maintenance agreements as it concerns the owners of property within property commonly known as GROUSE MEADOWS and more particularly described in the Declaration of Covenants, Conditions and Restrictions of Grouse Meadows, recorded on January 19, 1994 in the records of Kootenai County, Idaho at Instrument No. 1337953, and related purposes.

Section 1. MEMBERS: Members of the Association shall consist of all owners of lots located in that tract of land known as GROUSE MEADOWS, more fully described in Exhibit "A". If more than one (1) person holds an interest in a lot, all such persons shall be members of the Association, however, only one vote per household or lot owner is allowed.

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Section 2. VOTING RIGHTS: Members shall be entitled to one (1) vote for each lot owned except the holder of the Declarant's interest as described in the Declarations of Covenants, Conditions and Restrictions, who will have two (2) votes for each lot owned until 75% of the lots are sold when it will revert to one (1) vote per lot. If more than one (1) person holds an interest in any share, however, the vote for such share shall be exercised as all the owners of said share shall among themselves determine; but in no event shall more than one (1) vote be cast with respect to any share.

ARTICLE V.  
MEMBERSHIP ASSESSMENTS

Section 1. ANNUAL ASSESSMENTS: The Board of Directors, referred to as the Board of Managers in the Declaration of Covenants, Conditions, and Restrictions, referenced herein, shall fix and determine from time to time annual assessments to be paid by each owner for the purpose of management, operating, and maintaining of the planned community development, and for paying the necessary expenditures of the Association as provided in these Bylaws. The annual assessments shall include an adequate reserve fund for the periodic maintenance, repair and replacement of any of the common property of the association.

The Board of Directors may determine if the assessment shall be paid monthly, quarterly or bi-annually based upon the needs of the Association.

Section 2. EXTRAORDINARY ASSESSMENTS: In addition to the annual assessments authorized above, the Board may levy extraordinary assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement regarding common property of the association or to defray any unanticipated or underestimated regular assessment.

Section 3. SPECIAL ASSESSMENTS: In addition to the regular and extraordinary assessments authorized above, the Board may levy at any time special assessments without limitation as to amount or frequency against an individual lot and its owner to reimburse the Association for costs incurred

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in bringing that owner of his lot into compliance with the provisions of these Bylaws, including actual attorney's fees and costs.

ARTICLE VI.  
LIEN RIGHTS

The Association shall have a lien against the interest of each owner in the properties to secure the full and prompt payment of all assessments levied by the Association pursuant to these Bylaws and in the event of default by any owner, said interest of such owners may be foreclosed by the Association in the same manner as a realty mortgage may be enforced by sale pursuant to the Idaho Code and to that end, a power of sale is hereby conferred upon the Association.

ARTICLE VII.  
COMMENCEMENT OF REGULAR ASSESSMENTS

The regular assessments shall commence as to all lots sold in GROUSE MEADOWS on January 19, 1994, OR, whenever a lot is sold, whichever is sooner.

ARTICLE VIII.  
MEETINGS OF MEMBERS

Section 1. PLACE OF MEETING: All meetings of the members shall be held at 8191 Loch Haven Bend, Idaho, or at such other locations in Kootenai County, Idaho, in reasonable proximity to Grouse Meadows, as may be designated in the Notice of Meeting.

Section 2. ANNUAL MEETINGS OF MEMBERS: The annual meeting of the members shall be held on or about October 1, 1994. Subsequent annual meetings of members shall be held on the annual anniversary of the First Annual Meeting of Members. Should any annual meeting day fall upon a legal holiday, then such annual meeting of members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. An election of Directors shall be held at the First Annual Meeting of Members and all positions of Directors shall be filled at that election.

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Written notice of each annual meeting shall be given to each member, upon written request therefore, to all first mortgagees, either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, to the address appearing on the books of the Association or supplied by the owner to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to such member or encumbered by the first mortgagee, or published at least once in a newspaper of general circulation in the county of said principal office. All such notices shall be sent not less than ten (10) days nor more than ninety (90) days before each annual meeting, and shall specify the place, day and hour of such meeting.

Section 3. SPECIAL MEETING: Special meetings of members, for any purpose or purposes whatsoever, may be called at any time by the President or by a majority of the quorum of the Board, or by written request of FIVE PERCENT (5%) request of three (3) or more different lot owners . . . except in special cases where other express provisions are made by statute, Notice of such Special Meetings shall be given in the same manner as for Annual Meetings of Members. Notices of any Special Meeting shall specify, in addition to the place, date and hour of such meeting, the general nature of the business to be transacted.

Section 4. ADJOURNED MEETINGS AND NOTICE THEREOF: Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or represented by proxy, but in the absence of a quorum, no other business may be transacted at such meeting.

Section 5. QUORUM: A quorum shall consist of 15% of all lot owners either in person or by proxy. If a quorum is not present, the presiding officer may adjourn the meeting to a day and hour affixed by him.

Section 6. VOTING RIGHTS: No share owners shall be entitled to vote at any regular or special meeting of the owners unless all assessments both regular, special or extraordinary have paid in full. Secretary shall be responsible

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for keeping the record and to establishing the voting right at any membership meeting where votes are tallied.

ARTICLE IX.  
MEETINGS OF THE BOARD

Section 1. METHOD OF CALLING: Meetings of the Board of Directors shall be called by the President on his own initiative whenever in his judgment it may be deemed necessary, or by the Secretary upon request of any two members. Five (5) days notice of meetings of the board shall be sent by mail to all directors and shall be deemed sufficient notice of such meetings.

Section 2. QUORUM FOR BOARD MEETING: A majority of the Board of Directors shall constitute a quorum.

ARTICLE X.  
DIRECTORS

Section 1. POWERS AND DUTIES: The directors shall have the powers and duties set forth herein.

*Section 2 and 3 Amended 2/24/06 Copy of Resolution Attached*  
Section 2. NUMBER AND QUALIFICATION OF DIRECTORS: ~~The Board shall consist of five (5) Directors until changed by Amendment to the Articles of Incorporation. Directors shall be members of the Association.~~ *S. J. B. B.*

Section 3. ELECTION AND TERM OF OFFICE: At the Annual Meeting of Members, one (1) director shall be elected for a term of one (1) year; one (1) director shall be elected for a term of two (2) years; and the third director shall be elected for a term of three (3) years. If any annual meeting is not held or the directors are not elected in any annual meeting, the directors may be elected at any special meeting of members held for that purpose. All directors shall hold office until their successors are elected.

Section 4. VACANCIES: A vacancy on the Board of Directors shall be deemed to exist in case of (i) the death, resignation or a removal of any director, (ii) a director having been declared of unsound mind by order of the court or convicted of a felony, (iii) a decision to increase the

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authorized number of directors, (iv) failure of the members to elect the full authorized number of directors to be voted for at any annual or special meeting of members at which any director or directors are to be elected, or (v) for cause by a 2/3 vote of the members of the Board of Directors at any regular or special meeting whenever in the judgment of the Board of Directors, the best interest of the Association would be served thereby. Notice of intent to vote upon the removal of a Director shall be given prior to any meeting at which such action is proposed.

Vacancies on the Board of Directors, except for a vacancy created by the removal of a director, may be filled by a majority vote of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of the members. A vacancy on the Board of Directors created by the removal of a director by the members, may only be created by the removal of a director by the members, may only be filled after obtaining the vote of a majority of the members.

The members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election shall require the consent of the holders of a majority of the outstanding memberships.

Any director may resign effective upon giving written notice to the President, the Secretary or the Board of Directors of the Association, unless the notice specifies a later time for the effectiveness of such resignation. The Board of Directors accepts the resignation of a director tendered to take effect at a future time. The board or the member shall have the power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section Amended 1/4/02  
copy of Resolution Attached

~~Section 5. COMPENSATION AND FEES: Neither the directors nor the officers of the Association shall receive any monetary compensation for their services performed in the conduct of~~

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~~business of the Association; provided, however, that the Board may cause a member, officer, or director to be reimbursed for expenses incurred in carrying on the business of the Association.~~

## ARTICLE XI OFFICERS

Section 1. OFFICERS: The officers of the Association shall be a President, Vice-President, Secretary and Treasurer.

Section 2. The officers of the Association shall be chosen annually by the board, and each shall hold his office until he shall resign, or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. REMOVAL AND RESIGNATION: Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or the Secretary of the Association, without prejudice, however, to the rights, if any, of the Association under any contract to which such officer is a party.

Section 4. VACANCIES: A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 5. DUTIES OF OFFICERS: The officers of the Association shall have the duties prescribed as follows:

1. PRESIDENT: The President shall preside at all meetings for the Association and of the Board of Directors and subject to the control of the Board, shall have general supervision, direction and control of the business and officers of the Association. The President shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

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2. VICE-PRESIDENT: The Vice-President shall preside at all meetings for the Association and of the Board of Directors in the absence of the President, and shall have the same powers of the President in the President's absence or at the direction of the President.

3. SECRETARY: The Secretary shall keep or cause to be kept, a book of minutes at the principal office or at such other place as the board may order of all meetings of directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at the directors meeting, the number of members present or represented at members meetings and proceedings thereof. The Secretary shall give, or cause to be given, notices of all of the meetings of the members and of the Board required by the Bylaws or by law to be given, and he shall keep other powers and perform such other duties as may be prescribed by the Board or the bylaws.

4. TREASURER: The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any director.

The Treasurer shall co-sign all checks and promissory notes of the Association and shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board; shall render to the President and directors, whenever they request it, an account of all his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

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ARTICLE XII.  
POWERS AND DUTIES OF THE ASSOCIATION

The Board of Directors shall have the following powers and duties subject, however, to the articles of Incorporation and the Idaho Non-Profit Corporation Act:

1. SELECTION OF OFFICERS: To select, supervise and remove all of the officers, agents and employees of the Association, and to prescribe such powers and duties for them as may not be inconsistent with the law, the Articles of Incorporation or these Bylaws.

2. MANAGEMENT OF BUSINESS: To conduct, manage and control the affairs and business of the Association, and to make such reasonable rules and regulations therefore not inconsistent with the law, the Articles of Incorporation or these Bylaws.

3. INSURANCE: To contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Association and the owners with respect to the affairs of the Association, which shall include bonding of the members of any management body.

4. RIGHT TO CONTRACT: To contract and pay for goods and services relating to the improvements made by the Association, and to employ personnel necessary for the operation and maintenance of the same, including legal and accounting services.

5. RIGHT OF DISCIPLINE: To suspend the voting rights and the right to use the common area or other property of the Association for any member who is in default in payment of any assessment for any period during which such assessment remains unpaid.

6. PREPARATION OF BUDGETS AND FINANCIAL STATEMENTS: To prepare budgets and financial statements for the Association as provided in these Bylaws.

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7. RIGHT TO SET RATES: To be established for the Association.

8. RIGHT TO LITIGATE: To prosecute or defend in the name of the Association, any action affecting or relating to any work performed on behalf of or by the Association, or any actions taken by the Association.

9. AVAILABILITY OF DOCUMENTATION: To make available to any prospective purchaser of a lot, any owner of a lot, any first mortgage, and the holders, insurers and guarantors of a first mortgage on any lot, current copies of the Articles, Bylaws, the rules governing the Association and all other books, records and financial statements of the Association.

10. AUTHORIZATION TO CONTRACT: To authorize any officer or officers, agent or agents, to enter into any contract to execute any instrument in the name and on behalf of the Association. Such authority may be general or confined to specific instances, and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or credit or to render it liable for any purpose or for any amount.

11. FINANCIAL STATEMENTS: To cause to be prepared a financial statement (including a balance sheet and income and expense statement) of the affairs of the Association to be made as of the last day of the month closest in time to the date of six (6) months following the close of escrow for the sale of the first lot to an owner.

12. BUDGET: To cause to be prepared a budget for the Association to be prepared for the second and each succeeding fiscal year of the Association, a copy of which shall be distributed personally or by mail to each of the members of the Association, not fewer than sixty (60) days prior to the beginning of the fiscal year to which the budget relates.

13. CHECKS: To cause to be issued checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, in the name of or payable to the Association, which shall be signed or endorsed by the President and Treasurer of the Association.

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14. RULES AND REGULATIONS: To cause to be prepared certain rules and regulations for the orderly conduct and management of the dock plans and regulations and other actions taken by the Association.

15. CONTRIBUTION/GIFT: The Board of Directors may accept, on behalf of the Association, any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association.

ARTICLE XIII.  
NOTICE

Whenever any notice is required to be given to any member of director of the Association under the provisions of these Bylaws or under the provisions of the Articles of Incorporation, or under the provisions of law, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the specified time of the notice to be given, shall be deemed equivalent to the giving of such notice.

ARTICLE XIV.  
ALTERING, AMENDING OR REPEALING BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board if at least thirty (30) days written notice is given of intent to alter, amend or repeal or to adopt new Bylaws at such meeting.

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The undersigned, being all of the members of the Board of Directors of Grouse Meadows Owners' Association, Inc. do hereby certify that the foregoing bylaws were unanimously adopted at a meeting of the Board of Directors of the Association on the 9<sup>th</sup> day of Sept, 1994.

Jo Ann

Jo Burt

Arny Burt

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**GROUSE MEADOWS HOMEOWNERS' ASSOCIATION, INC.**

**BOARD OF DIRECTORS**

**RESOLUTION NO. 2002-1**

**WHEREAS, Grouse Meadows Homeowners' Association, Inc., is a corporation lawfully organized and in good standing pursuant to the laws of the State of Idaho; and,**

**WHEREAS, the Board of Directors of said corporation lawfully adopted Bylaws for the organization on September 9, 1994; and,**

**WHEREAS, Article XIV of said Bylaws authorizes the Board of Directors of Grouse Meadows Homeowners' Association, Inc., to amend the Bylaws of the organization at a regular meeting of the Board of Directors if 30 days prior written notice has been provided reflecting the intent to amend the Bylaws; and,**

**WHEREAS, the Board of Directors has experienced difficulty in locating members willing to serve the organization as directors and believes that payment of reasonable compensation to directors of the organization will facilitate recruitment of members willing to undertake and discharge the duties of director for the benefit of the organization; and,**

**WHEREAS, the provisions Article X, Section 5 currently prohibit payment of compensation to directors of the organization; and,**

**WHEREAS, the current directors of Grouse Meadows Homeowners' Association, Inc. believe it to be in the best interests of the organization that its Bylaws be amended to authorize compensation to directors as an inducement to individuals to undertake the duties and liabilities of serving the organization as its directors;**

**NOW, THEREFORE, at a duly convened meeting of the Board of Directors of Grouse Meadows Homeowners' Association, Inc., and upon motion duly made, seconded and unanimously adopted, it was**

**RESOLVED that as of the date of this resolution and effective on such date, the provisions of Article X, Section 5 of the Bylaws of the Grouse Meadows Homeowners' Association, Inc. be amended to read in their entirety as follows:**

**Section 5. Compensation and Fees: The directors and officers of the Association shall not receive any monetary compensation for their services performed in the conduct of business of the Association except the sum of \$10 per meeting of the Board of Directors shall be paid to each director for each meeting of the Board of Directors attended by each director if a written resolution of the Board**

of Directors authorizing such compensation is adopted at each meeting for which compensation is to be paid. The Board of Directors may cause a member, officer, or director to be reimbursed for expenses incurred in carrying on the business of the Association.

Adopted this 14<sup>th</sup> day of January, 2002, by the Board of Directors of the Grouse Meadows Homeowners' Association, Inc.

Colae V. Deaton  
DIRECTOR

Don [Signature]  
DIRECTOR

Julianne [Signature]  
DIRECTOR

**GROUSE MEADOWS HOMEOWNERS' ASSOCIATION, INC.**

**BOARD OF DIRECTORS**

**RESOLUTION NO. 2006-1**

**WHEREAS**, Grouse Meadows Homeowners' Association, Inc., is a corporation lawfully organized and in good standing pursuant to the laws of the State of Idaho; and,

**WHEREAS**, The Board of Directors of said corporation lawfully adopted Bylaws for the organization on September 9, 1994; and,

**WHEREAS**, Article XIV of said Bylaws authorizes the Board of Directors of Grouse Meadows Homeowners' Association, Inc., to amend the Bylaws of the organization at a regular or special meeting of the Board of Directors if 30 days prior written notice has been provided reflecting the intent to amend the Bylaws; and,

**WHEREAS**, the current Board of Directors believe it is in the best interest of the corporation to increase the number of Directors to Five (5), and that the two (2) new Directors serve a two year and a three year term respectively; and,

**WHEREAS**, the provisions of Article X, Section 2, of said Bylaws only authorizes the Board of Directors to consist of three (3) Directors until changed by Amendment to the Bylaws of this Corporation; and,

**WHEREAS**, the current Board of Directors of Grouse Meadows Homeowners' Association Inc., believe it to be in the best interests of the organization that the Bylaws be amended to authorize Five (5) Directors on the Board of Directors to undertake the duties and liabilities of serving the organization as its directors;

**NOW THEREFORE**, at a duly convened meeting of the Board of Directors of Grouse Meadows Homeowners' Association, Inc., and upon motion duly made, seconded and unanimously adopted, it was


**RESOLVED** that as of the date of this resolution and effective on such date, the provisions of Article X, Section 2, and Section 3 of the Bylaws of Grouse Meadows Homeowners' Association, Inc., be amended and read in their entirety as follows:

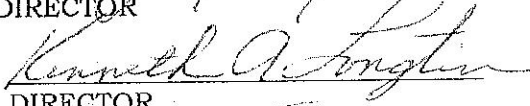
Section 2. NUMBER AND QUALIFICATION OF DIRECTORS: The Board shall consist of five (5) Directors until changed by Amendment to the Articles of Incorporation. Directors shall be members of the Association.


Section 3. ELECTION AND TERM OF OFFICE: At the Annual Meeting of the Members, one (1) director shall be elected for a term of one (1) year; two (2) directors shall be elected for a term of two (2) years; and two (2) remaining directors be elected for a term of three (3) years. If any annual meeting is not held or the Directors are not elected in any annual meeting, the Directors may be elected at any special meeting of members held for that purpose. All Directors shall hold office until their successors are elected.

**RESOLUTION 2006-1**  
**GROUSE MEADOWS HOMEOWNERS' ASSOCIATION, INC.**

Adopted this 24 day of February, 2006 by the Board of Directors of the  
Grouse Meadows Homeowners' Association, Inc.

  
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DIRECTOR

  
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DIRECTOR

  
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DIRECTOR