

**BYLAWS  
OF  
SEASONS AT SANDPOINT ASSOCIATION, INC.**

\*\*\*\*\*

**ARTICLE I. NAME AND LOCATION**

The name of the corporation is SEASONS AT SANDPOINT ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the Association shall be located at 424 Sandpoint Avenue, Sandpoint, Idaho 83864, but meetings of Members and directors may be held at such places within the State of Idaho, County of Bonner, as may be designated by the Board of Directors.

**ARTICLE II. DEFINITIONS**

All undefined terms appearing in initial capital letters shall have the meaning ascribed to them in that certain Declaration of Condominium for Seasons at Sandpoint, as it may be amended from time to time. In addition, the following terms shall have the following meanings:

Section 1. "ASSOCIATION" shall mean and refer to SEASONS AT SANDPOINT ASSOCIATION, INC., a nonprofit corporation organized under the laws of the State of Idaho, its successors and assigns.

Section 2. "COMMON AREA" shall have the meaning ascribed to it in the Declaration. The Common Area to be owned by the Association at the time of the conveyance of the first Unit shall be indicated on the official plat of the properties filed in the office of the Bonner County Recorder.

Section 3. "CONDOMINIUM" shall mean an estate in property as defined in Idaho Code section 55-101B.

Section 4. "DECLARANT" shall mean and refer to BVG SANDPOINT, LTD., a Florida limited partnership, or any successor or assign as permitted in accordance with the Declaration.

Section 5. "DECLARATION" shall mean and refer to the Declaration of Condominium of Seasons at Sandpoint applicable to the Properties recorded in the Office of the County Recorder of Bonner County, State of Idaho.

Section 6. "MEMBER" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 7. "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Unit which is part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "PROPERTIES" shall mean and refer to that certain real property described in the Declaration recorded pursuant to Idaho Code section 55-1505, together with every building, improvement or structure thereon, and every easement or right appurtenant thereto, and all personal property intended for use in connection therewith or for the use, benefit or enjoyment of the Owners.

Section 9. "UNIT" shall mean and refer to the separate property interest as defined in the Declaration, with the exception of the Common Area.

### ARTICLE III. MEETINGS OF MEMBERS

Section 1. Annual Meetings: The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association. The annual meeting of the Members for the election of directors whose terms have expired and for the transaction of such other business as may properly come before the meeting shall be held at such hour and on such day as shall be determined by the board of directors.

Section 2. Special Meetings: Special meetings of the Members may be called at any time by the president or by the board of directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Membership.

Section 3. Notice of Meetings: Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum: The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies: At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit.

### ARTICLE IV. BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number: The affairs of this Association shall be managed by a board of not less than three (3) nor more than seven (7) directors, who need not be Members of the Association. The initial number of directors shall be three (3).

Section 2. Term of Office and Selection of Directors: Until the first annual meeting of Members, the directors of the Association shall be those individuals named in the Articles of

Incorporation or their successors determined in accordance with this Article. Declarant desires to avail itself of the rights permitted under Section 30-3-66, of the Idaho Code, and accordingly, until Turnover of Control (as defined below), the Declarant shall have the unilateral right to elect all of the directors. Within three (3) months after the Declarant has sold 90% of the Condominium Units and/or Condominium Lots, including all un-built Condominium Units and/or Condominium Lots that may be added pursuant to the Declaration so long as said Condominium Units and/or Condominium Lots are added to the Declaration within 7 years of the date of recording the Declaration ("Turnover of Control"), the Declarant shall cause two of the members of the Board of Directors appointed by the Declarant to resign and the Members shall thereafter be entitled to elect a majority of the members of the Board of Directors of the Association. So long as the Declarant holds for sale in the ordinary course of business at least one Unit, the Declarant shall be entitled to elect at least one Member of the Board of Directors of the Association. After Turnover of Control, the Declarant may exercise the right to vote any Declarant-owned Lots in the same manner as any other Member of the Association; provided, however, that the Declarant shall not be entitled to select a majority of the Members of the Board of Directors.

The Declarant can turn over control of the Association to the Unit Owners other than the Declarant prior to such dates in its sole discretion by causing all of its appointed directors to resign, whereupon it shall be the affirmative obligation of the Unit Owners other than the Declarant to elect directors and assume control of the Association. Provided at least sixty (60) days' notice of the Declarant's decision to cause its appointees to resign is given to the Unit Owners, neither the Declarant, nor such appointees, shall be liable in any manner in connection with such resignations even if the Unit Owners other than the Declarant refuse or fail to assume control.

Section 3. Special Meeting. If for any reason an annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. All directors shall hold office until their respective successors are elected.

Section 4. Removal: Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining Members of the board and shall serve for the unexpired term of his predecessor. Notwithstanding the foregoing, any director approved by the Declarant may only be removed and replaced by the Declarant.

Section 5. Compensation: No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Action Taken Without A Meeting: The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

## ARTICLE V. NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination: Nomination for election to the board of directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a Member of the board of directors, and two or more Members of the Association. The nominating committee shall be appointed by the board of directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the board of directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election: Election to the board of directors shall be by secret written ballot. At such election the Members or their proxies may case, in respect to each vacancy, as may votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE VI. MEETINGS OF DIRECTORS

Section 1. Regular Meetings: Regular meetings of the board of directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings: Special meetings of the board of directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum: A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board.

## ARTICLE VII. POWERS AND DUTIES OF BOARD OF DIRECTORS

Section 1. Powers: The board of directors shall have power to:

- A. Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- B. Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

- C. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;
- D. Declare the office of a Member of the board of directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the board of directors; and
- E. Employ a manager, an independent contractor or such other employees as the board deems necessary and to prescribe their duties.

Section 2. Duties: It shall be the duty of the board of directors to:

- A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote.
- B. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- C. As more fully provided in the Declaration to:
  - 1. Fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period;
  - 2. Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
  - 3. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- D. Issue, or to cause to an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- E. Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- F. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- G. Cause the Common Area to be maintained.

## ARTICLE VIII. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices: The officers of this Association shall be a president and vice president, who shall at all times be Members of the board of directors, a secretary and a treasurer, and such other officers as the board may from time to time create by resolution.

Section 2. Election of Officers: The election of officers shall take place at the first meeting of the board of directors following each annual meeting of the Members.

Section 3. Term: The officers of this Association shall be elected annually by the board and each shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments: The board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the board may from time to time determine.

Section 5. Resignation and Removal: Any officer may be removed from office with or without cause by the board. Any officer may resign at any time, giving written notice to the board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make effective.

Section 6. Vacancies: A vacancy in any office may be filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices: The offices of secretary and treasurer may be held by the same person. Pursuant to Idaho Code § 30-3-83, no one person shall simultaneously hold the offices of President and Secretary.

Section 8. Duties: The duties of the officers are as follows:

- A. President: The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.
- B. Vice President: The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- C. Secretary / Assistant Secretary: The secretary, and in its absence the Assistant Secretary, if any, shall record the votes and keep the minutes of all meetings and proceedings of the board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the board and of the Members; keep appropriate current records showing

names of Members of the Association, together with their addresses, and shall perform such other duties as required by the board.

- D. Treasurer / Assistant Treasurer: The treasurer, and in its absence the Assistant Treasurer, if any, shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the board of directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

#### ARTICLE IX. COMMITTEES

The Association may appoint an Architectural Control Committee, as provided in the Declaration, and a nominating committee, as provided in these Bylaws. In addition, the board of directors shall appoint other committees as deemed appropriate in carrying out its purpose.

#### ARTICLE X. BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

#### ARTICLE XI. ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Unit against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Unit, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his Unit.

#### ARTICLE XII. CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: SEASONS AT SANDPOINT ASSOCIATION, INC.

#### ARTICLE XIII. AMENDMENTS

Prior to Turnover of Control, the Declarant shall have the unilateral right to amend these Bylaws. After Turnover of Control, the Bylaws of the Association may be altered, amended or

new Bylaws adopted at any regular meeting or at any special meeting of the Members thereof, called for that purpose, by the affirmative vote of two-thirds (2/3) of the Members present at such meeting; provided, that a quorum as specified herein or in the laws of the State of Idaho be present; provided further, that any such amendment shall not be inconsistent with the provisions of the Declaration; provided further, however, that notwithstanding the foregoing, Declarant may amend these Bylaws from time to time for the purpose of adopting any amendment which may reasonably be requested by any proposed mortgagee or by any institutional holder intending to purchase a mortgage, in order to assure such mortgagee or institutional holder that its interests are adequately protected, or in order to comply with the requirements or regulations of any governmental or quasi-governmental entity or institution holding or insuring a mortgage. There shall not be, however, any amendment to these Bylaws that results in a change in the Turnover of Control provisions, a reduction or depletion of the number Class B votes or the relative voting control of Class B without the prior written consent of the Class B Membership.

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

#### ARTICLE XIV. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

Section 1. Directors and Executive Officers: The directors and officers of this Association shall not be personally liable to the Association or its Members for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Association or its Members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 30-3-81 or Section 30-1-833, Idaho Code or (iv) for any transaction from which the director derived any improper personal benefit. If the Idaho Business Corporation Act or the Idaho Nonprofit Corporation Act (collectively the "Acts") are amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the Acts as so amended. Any repeal or modification of this Article 12 by the members of the Association shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.

Section 2. Other Officers, Employees and Other Agents: The Association shall have the power to indemnify its employees and other agents as set forth in the Acts.

Section 3. Good Faith: For purposes of any determination under this Article XIV, a director or officer shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, to have had no reasonable cause to believe that his conduct was unlawful, if his action is based on the records or books of account of the Association or another enterprise, or on information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by (i) the officers of the Association or another enterprise whom the director or officer reasonably believes to be reliable and competent in the matters presented, or (ii) legal counsel, a public accountant or other person as to matters which



the director or officer believes to be within such person's professional or expert competence. The term "other enterprise" as used in this Section 3 shall mean any other Association or any partnership, joint venture, trust or other enterprise, including any employee benefit plan, of which such person is or was serving at the request of the Association as a director, officer, employee or other agent. The provisions of this Section 3 shall not be deemed to be exclusive and/or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth by the Acts.

Section 4. Expenses: The Association shall advance, prior to the final disposition of any proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it should be determined ultimately that such person is not entitled to be indemnified under this Article XIV or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to Section 5 of this Article XIV, no advance shall be made by the Association if a determination is reasonably and promptly made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion that, based upon the facts known to the decision-making party at the time such determination is made, such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Association, or, with respect to any criminal proceeding, such person believed or had reasonable cause to believe that his conduct was unlawful.

Section 5. Enforcement: Without the necessity of entering into an express contract, all rights to indemnification and advances under this Article XIV shall be deemed to be contractual rights and to be effective to the same extent as if provided for in a contract between the Association and the director or officer who serves in such capacity at any time while this Article XIV and other relevant provisions of the Acts and other applicable law, if any, are in effect. Any right to indemnification or advances granted by this Article XIV to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. It shall be a defense to any such action that the claimant has not met the standards of conduct which make it permissible under the Acts for the Association to indemnify the claimant for the amount claimed; but the burden of proving such defense shall be on the Association. Neither the failure of the Association (including its board of directors, its independent legal counsel, or its Members) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard to conduct set forth in the Acts, nor an actual determination by the Association (including its board of directors, its independent legal counsel or its Members) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

Section 6. Non-Exclusivity of Rights: The rights conferred on any person by this Article XIV shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaw, agreement, vote of Members or disinterested directors or otherwise, both as to action in this official capacity and as to action in any other capacity while holding office. The Association is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, as provided by law.

Section 7. Survival of Rights: The rights conferred on any person by this Article XIV shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs and personal representatives of such a person.

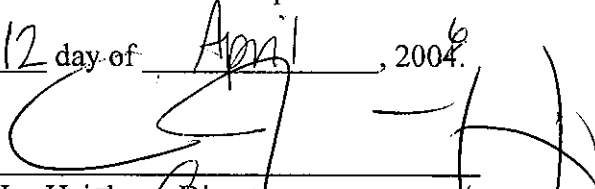
Section 8. Amendments: Any repeal or modification of this Article XIV shall only be prospective and shall not affect the rights under this Article XIV in effect at the time of the alleged occurrence of any act or omission to act that is the cause of any proceeding against any director, officer, employee or agent of the Association.

Section 9. Savings Clause: If this Article XIV or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Association shall nevertheless indemnify each director or officer to the full extent permitted by any applicable portion of this Article XIV that shall not have been invalidated, or by any other applicable law.

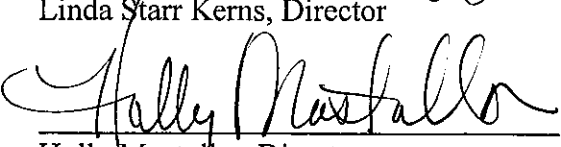
ARTICLE XV. MISCELLANEOUS

Unless otherwise determined by the Association's board of directors, the fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

The foregoing Bylaws shall be effective the 12 day of April, 2006.

  
\_\_\_\_\_  
C. Jae Heineberg, Director

  
\_\_\_\_\_  
Linda Starr Kerns, Director

  
\_\_\_\_\_  
Holly Mostoller, Director