

BY-LAWS
OF
BLACK BEAR ROAD WATER ASSOCIATION

STATE OF IDAHO
COUNTY OF KOOTENAI } ss
AT THE REQUEST OF
Edgar K. Martin
APR 3 10 02 AM '85

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ARTICLE I
General Purposes

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Edgar K. Martin
FEE \$21.00 DEPUTY

The purpose for which this Association is the ownership and operation of a water system designed to supply water to nine (9) parcels near Athol, Idaho. The duties and powers of said Association is set forth in the following By-Laws:

ARTICLE II
Name: Principal Office

Section 1. The name of this Association is BLACK BEAR ROAD WATER ASSOCIATION.

Section 2. The principal place of business of this Association shall be near Athol, Kootenai County, Idaho. The Association may, however, maintain offices at some other location to be determined by the Association.

ARTICLE III
Fiscal Year

The fiscal year of the Association shall begin the first day of January of each year.

ARTICLE IV
Members

Section 1. The holders of membership certificates of this Association are its members. One membership certificate shall be issued for each parcel on which water is being placed to beneficial use.

Section 2. When a member sells or disposes of a parcel, his membership for said parcel shall cease and shall be automatically transferred as herein provided.

Section 3. Memberships may be transferred by the original holder thereof to any person who has acquired from the original holder the rights of ownership or occupancy of the parcel. Such transfer shall be accomplished by an assignment in writing executed by the original holder.

The Secretary shall keep a record of the change of title of all parcels, so far as possible, and upon the sale or conveyance in any manner of a members parcel, he shall change the membership certificate to the person to whom the property is conveyed, who automatically becomes the owner thereof upon the purchase or securing a conveyance of the land. The Association shall not be required to transfer any membership until all fees, including

original hookup and all monthly service fees are paid in full.

ARTICLE V
Meetings

Section 1. The annual meeting of the members of this Association shall be held at a location and time selected by the President.

Section 2. Special meetings of the members of the Association may be called at any time by the President or upon written petition to the President signed by at least thirty-three percent (33%) of the members of the Association. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted except as is specified in the notice.

Section 3. Notice of meetings of the Association shall be given by a notice mailed to each member of record, directed to the address shown upon the books of the Association, at least ten (10) days prior to the meeting. Such notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of notice of any annual meeting regularly held shall affect any proceedings taken at said meeting.

Section 4. The members present at any meeting shall constitute a quorum of the Association for the transaction of business. The voting powers of the members of this Association shall be equal, each member shall have one vote for each membership certificate he may hold. Members shall be entitled to vote in person or by proxy.

ARTICLE VI
Rights & Duties of the Association

Section 1. The Association, subject to restrictions of law and these Articles, shall exercise all of the powers in respect to the matters as hereinafter set forth:

A. To pass upon the qualifications of members, as set forth above, to cause to be issued appropriate certificates of membership and cause the same to be recorded.

B. To select and appoint all officers, agents or employees of the Association or remove any officers, agents or employees of the Association for just cause, prescribe such duties and designate such powers as may not be inconsistent with these Articles, fix their compensation, if any, and pay for faithful services.

C. To borrow from any source, money, goods, services, and to make and issue notes and other negotiable and transferrable instruments, mortgages, deeds of trust and trust agreements, and to do every act and thing necessary to effectuate the same.

D. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as may be deemed

essential or convenient for the conduct of the business and affairs of the Association and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.

E. To have authority to request an audit of the books and accounts of the Association by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the Association at their annual meeting.

F. To fix the charges to be paid by each member for services rendered by the Association to him, the time of payment, and the manner of collection.

G. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the Association to give adequate bonds, the costs thereof to be paid by the Association.

H. To select a bank to act as depositories of the funds of the Association and to determine the manner of receiving, depositing and disbursing the funds of the Association.

I. To levy assessments against the members of the Association and to enforce the collection of such assessments by the suspension of services for the period of time the assessments are not paid and, if necessary, to impose a lien on the defaulting member's property for non-payment of assessments provided, however, that services shall be promptly resumed and any lien shall be removed within three (3) days of the satisfaction of the indebtedness. To provide for the collection for all water delivered at such rate on such basis as they deem proper.

ARTICLE VII Duties of Officers

Section 1. The officers of the Association shall consist of a President, Vice President and Secretary/Treasurer. The officers shall be elected at the annual meetings of the Association and shall hold office for terms of one (1) year. The duties of the officers are as follows:

A. Duties of the President. The President shall preside over all meetings of the Association, call regular and special meetings, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates, and such other documents as he may be authorized on behalf of the Association. He shall also perform such other duties as may be prescribed by the Association.

B. Duties of the Vice President. In the absence or disability of the President, the Vice President shall perform the duties of the President.

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C. Duties of the Secretary/Treasurer. The Secretary/Treasurer shall keep a complete record of all meetings of the Association and shall have general charge and supervision of the books and records of the Association. He shall sign all membership certificates with the President and such other documents pertaining to the Association. He shall serve all notices required by law and these Articles and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the membership certificate records of the Association, complete and countersign all certificates issued. He shall keep a proper membership certificate record showing the name of each member of the Association, their last known address, date of issuance, surrender, cancellation, forfeiture or transfer.

He shall make all reports required by law and shall perform such other duties as may be required by law and shall perform such other duties as may be required of him by the Association. He shall also perform such duties with respect to the finances of the Association. The Secretary shall cause all membership certificates to be recorded and cause cancellation certificates to be recorded whenever a membership is canceled for any cause. Upon the election of his successor, the Secretary/Treasurer shall turn over all books and other property belonging to the Association that he may have in his possession.

ARTICLE VIII Benefits and Duties of Members

Section 1. Each member will install and maintain a service line, not to exceed 1", from the main distribution shut-off valve to his property. The cost of the service line shall be paid by the member. Such shut-off valve shall be owned and maintained by the Association. The Association shall have the sole and exclusive right to use such shut-off valve and to turn it off and on.

Section 2. Each member shall be entitled to only one service line from the Association's water system to each residence owned by such member. The member shall be required to pay a fee set by the

Association for such service line. No new service line or change in an existing service line may be made which will interfere with an existing service line for the delivery of water to another parcel. Each service line shall connect with the Association's water system at the provided connection. The member shall maintain his service line at his own expense, in good condition.

Section 3. Each member shall be entitled to purchase from the Association, pursuant to such agreements as may from time to time be provided and required by the Association, water for domestic purposes. Domestic purposes shall be construed to include water

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for a single household, a garden for personal use only, a lawn and a sufficient amount for the use of domestic animals kept with and for the use of the household.

Section 4. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the Association may prorate the water available among the various members on such basis as is deemed equitable by the Association.

Section 5. The Association shall, as soon as practical after the ending of each calendar year, determine the flat minimum monthly rate to be charged each member during the following calendar year. Such flat minimum monthly rate shall be payable only by those members using water during that month. A member using water shall pay such charges at the office of the Association on or prior to the dates fixed by the Association. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

A. Non-payment for thirty (30) days after due: The water shall be cut off from the delinquent member's property.

B. Non-payment for sixty (60) days: A "shut-off" and "turn-on" fee as determined by the Association, but not less than Twenty Five Dollars (\$25.00), together with accumulated water fees, must be paid before said member is again entitled to water services and benefits.

C. The Association may pass any reasonable rules to carry these provisions into effect.

ARTICLE IX Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of each fiscal year, after paying the expenses of the Association for operation and otherwise, and after setting aside such other reserves as the Association may deem proper, the net earnings shall be accumulated for the purpose of replacing and repairing the property of the Association and for such other purposes as the Association may determine to be in its best interest.

Section 2. Should any net earnings remain, it shall be used to reduce each member's water charge thereafter until such surplus is exhausted.

Section 3. Members of the Association may elect to use their surplus funds for other community improvements such as road improvements or clearing of brush, weeds or other debris if necessary.

Section 4. In the event the Association is dissolved, all assets remaining after payment of obligations and debts shall be

distributed to all members as their interest appears on the records. Such interest shall be based upon their individual usage and patronage as provided in these Articles. Sufficient records shall be maintained to show each individual's interest.

ARTICLE X
Amendments to By-Laws

These By-Laws may be amended by a vote of two-thirds (2/3) of the members present at any regular or special meeting of the Association called for that purpose, except that the members shall not have the power to change the purposes of the Association so as to decrease its rights and powers under the laws of the State, or to waive any requirements, to deprive any member of rights and privileges then existing, or so amend the By-Laws as to effect a fundamental change in the policies of the Association. Notice of any amendment to be made at a special meeting must be given at least ten (10) days before such meeting and must set forth the amendments to be considered.

ARTICLE XI
Negligence

If any member, through their own negligence, causes damage or unnecessary expense to the operation of the system, that member should be financially responsible for its remedy; for instance, broken lines on a member's property causes undue waste of water and electricity. The Association shall determine any reimbursement by an offending member.

ARTICLE XII
Miscellaneous

Section 1. Words of gender using in this document shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

Section 2. The captions contained in this document are for convenience of reference only, and in no way limit or enlarge the provisions contained herein.

DATED this 1st day of April, 1995.

Edgar K. Minter
President

Kathi Nettleton
Secretary



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ON THIS DAY BEFORE ME, GALE A. HILDRETH THE UNDERSIGNED, A NOTARY PUBLIC PERSONALLY APPEARED *Edgar V. K. Munnick & Kathi Munnick*

TO ME KNOWN TO BE THE INDIVIDUAL DESCRIBED IN AND WHO EXECUTED THE WITHIN AND FOREGOING INSTRUMENT, AND ACKNOWLEDGED THAT SIGNED THE SAME AS FREE AND VOLUNTARY ACT AND DEED, FOR THE USES AND PURPOSES THEREIN MENTIONED.

GIVEN UNDER MY HAND AND OFFICIAL SEAL ON THIS DAY OF April 1994

Gale A. Hildreth
NOTARY PUBLIC IN AND FOR THE
STATE OF IDAHO RESIDING AT
BAYVIEW, ID.
COMMISSION EXPIRES 3/15/99