

BY LAWS
OF THE
LAVA RANCH PROPERTY OWNERS ASSOCIATION
AND THE
LAVA RANCH BOARD OF DIRECTORS

Be it known to all persons that the original by-laws of the Lava Ranch Property Owners' Association, Inc., a non-profit corporation re-incorporated under the Laws of the State of Idaho on the 7th day of August in 1984, are hereby revoked. The following by-laws are adopted by the membership of the Lava Ranch Property Owners' Association in permanent substitution for the original by-laws in accord with the action of the Board of Directors, elected at the annual meeting of the Lava Ranch Property Owners Association on July 13, 1985, and voted upon by the membership of the Lava Ranch Property Owners' Association on July 12, 1986

Article I. - - OFFICES.

Section 1. Principal address.

The principal address of the Lava Ranch Property Owners' Association shall be established and maintained in the City of Pocatello, County of Bannock, State of Idaho, by post-office box.

Section 2. Other addresses.

The Association may have additional addresses at other places which the Board of Directors of the Lava Ranch Property Owners' Association may establish from time to time, if needed.

Article II. - - MEMBERSHIP OF ASSOCIATION.

Section 1. Standing membership, Association.

The membership of the Lava Ranch Property Owners' Association (hereafter referred to as the Association) shall be composed of all individuals who hold filed deeds, deeds-in-trust or contracts in the Lava Ranch Recreational Subdivision, Bannock County, Idaho, as platted during 5 phases: 1 - January 13, 1978; 2 - July 10, 1978; 3 - January 19, 1979; 4 - June 20, 1979; 5 - May 16, 1979. Should additional phases be added to the Lava Ranch Recreation Subdivision,

members owning properties in said phases shall hold mandatory membership privileges in the Association automatically.

Section 2. Standing membership, Board.

The Board of Directors of the Association (hereafter referred to as the Board) shall be composed of nine (9) members of the Association who are in good standing, as described in Section 1, Article VI of these by-laws.

Article III. - - MEETINGS AND QUORUM.

Section 1. Place and time of regular meetings.

The Association shall meet to consider and conduct business annually. Meetings will occur on a Lava Ranch Property, designated by notice to the membership not less than 30 days prior to the second Saturday in July at 11:00 A.M. Local Time. Thirty-five (35) members of the Association shall constitute a quorum. Association meetings shall be conducted under Roberts' Rule of Order.

The Board shall meet quarterly to consider and conduct business as required by the Laws of the State of Idaho, or as requested by the members of the Association at annual or special meetings. Five members of the Board shall constitute a quorum. Board meetings shall be conducted under Roberts' Rules of Order. Board meetings may be held by conference call, if necessary.

Section 2. Special meetings.

Meetings of the Association may be called for any purpose by the President of the Board upon written petition by 20 percent or more of all members of the Association entitled to vote at the meetings. Notice of said special meetings must be provided in writing to members of the Association entitled to vote not less than 30 days in advance of a special meeting. Special meetings of the Board may be called by the President as is convenient and as necessary.

Article IV. - - BOARD OF DIRECTORS

Section 1. General powers.

The business and affairs of the Association shall be managed by its Board.

Section 2. Offices

The officers of the Board shall consist of a president, one vice-president, a secretary, and a treasurer. Each officer shall

be elected by the Board at a brief meeting following the Annual Property Owners' Meeting. Each officer shall hold office until a successor has been duly elected, until his (her) death, resignation, or removal from office.

Section 3. Length of service.

The term of board membership shall be three (3) years with election of three new members by the Association each year during the annual meeting. The initial board shall serve in staggered replacement by election.

Section 4. Removal or absence of Board members.

Should any officer resign or be permanently absent before the end of his (her) term, the Board shall select a successor from its membership. The Board will elect a member in good standing of the Association to serve the balance of the unexpired term of non-officers absent or removed until the next annual meeting of the Association. Any officer or member of the Board may be removed by written ballot of no confidence by a two-thirds majority vote of either the Board or the Association, providing a quorum of either group is present at a normal or specially called meeting where either membership has received 30 days prior notice of the proposed action.

Section 5. President.

The president shall be the principal executive officer of the Board and the Association. The president shall supervise and control all business activities of the Association. He (she) or his (her) appointed deputy, in the absence of the vice-president, shall preside over all meetings of the Board and Association. With the secretary or any other officers so authorized by the Board, he may sign contracts or other instruments, which the board has authorized to be executed, except where prohibited in the Declaration of Building and Use Restrictions and Protective Covenants for Lava Ranch Properties as executed on July 12, 1978, or as indicated in subsequent modifications otherwise requires.

Section 6. Vice-president.

In event of the absence, incapacity or death of the president, the vice-president shall perform the duties of president. When acting as the president, he (she) shall have all powers of and be subject to all the restrictions upon the president. In general, the vice-president shall perform such duties as the president or Board may assign.

Section 7. Secretary.

The secretary shall keep the minutes of the regular and any special meetings of the Association and the Board; prepare and mail all notices to comply with provisions of these by-laws or as required by law; maintain the records of the Association; keep an up-to date record of Association members, and perform all duties as the president or the Board may assign.

Section 8. Treasurer.

The treasurer shall receive all monies due and payable to the Association and deposit such monies in the name of the Association in the banks designated by the Board; be responsible for all funds and assets of the Association; and perform such duties as the president may assign.

Section 9. Salaries.

No member of the Board shall receive salary for duties performed in the name of the Association. Board members may request reimbursement of reasonable expenses incurred as a result of their duties.

Article V. - - CONTRACTS AND BANKING ARRANGEMENTS.

Section 1. Contracts.

The Board may authorize one or more officers or agents to enter into any contract, execute and deliver any instrument, or to hold real property in the name of and on behalf of the Association. The authority thus granted may be general or may be confined to specific circumstances including but not limited to filing of liens on properties for unpaid Association assessments.

Section 2. Loans.

The Association shall contract no loans or issue any evidences of indebtedness in its name unless a resolution of the Board so authorizes. Should authorization occur, no single loan nor the combined loans of the Association may exceed an amount of one-half the anticipated Association dues for the subsequent calendar year unless the membership of the Association votes otherwise at an annual meeting. In the event that a special authorization may be required prior to the annual meeting of the Association, the Board may elect to poll a decision from the membership of the Association by written ballot. A simple majority of cast ballots by Association members in good standing shall constitute a decision against or for such authorization.

Section 3. Payment of Association funds.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness of the Association shall be signed only by officers or agents designated by the Board. Evidence of use of such funds will be provided to the membership, in writing, at each annual meeting of the Association.

Section 4. Deposits in checking and savings accounts.

Funds of the Association shall be deposited to the credit of the Association in such banks or invested in such other ways as the Board may direct.

Article VI. - - VOTING PRIVILEGE.

Section 1. Members in good standing.

Each member of the Association in good standing is entitled to one vote for each 5 acre parcel owned in part or whole as recorded three (3) weeks prior to any annual or special meeting of the Association, provided that no Association assessments or fees are outstanding for any parcel. Assessments in the name of the Association will be considered outstanding if unpaid by August 30 of each fiscal year as provided in Article VII.

Section 2. Transfer of voting privilege.

Voting privilege may not be transferred nor assigned by individual members except as indicated by written proxy signed and delivered to the Board secretary prior to any annual or special meeting of the Association.

Section 3. Board members.

At Board meetings, one vote is accorded each Board member irrespective of the quantity of 5-acre parcels owned. The President of the Board shall not vote during board meetings unless a tie-vote affects action on a motion. Action in all minutes will record the total votes for, against, or abstentions to motions.

Article VII. - - FISCAL YEAR.

The fiscal year of the Association shall begin on the first day of July and end on the 30th day of June in each year. Association assessments will be considered in the arrears 60 days after the initiation of each new fiscal year.

Article VIII. - - WAIVER OF NOTICE.

When a notice is required to be given to any member in the Association or Board under the provisions of these by-laws, the provisions of the articles of incorporation or the provisions of the

Business Corporation Act of the State of Idaho, a waiver in writing signed by the person or persons entitled to such notice, whether before or after the time of the meeting, will be deemed equivalent to the giving of such notice.

Article IX. - - STATE LAWS.

In any instance in which the by-laws of the Association conflict with the laws of the State of Idaho, the procedures prescribed by statute shall prevail

Article X. - - BY-LAW MODIFICATION

Upon due notice of 30 days, the by-laws of the Association may be altered by vote of all members in good standing at an annual meeting, special meeting or by mail ballot, whichever is deemed appropriate by the Board. A written ballot detailing said modification(s) must be voted upon by a simple majority of the members of the Association, the results certified by an officer of the Board, and a complete record filed in the minutes of the Association. Article X is interpreted to mean that upon sale of all 470 assessable lots for the five phases plated by June 20, 1979, and provided that no assessments on these lots are past due, 236 affirmative votes would be required to modify these by-laws.