

BYLAWS OF
ELEVENTH STREET DOCKOWNERS ASSOCIATION, INC.

ARTICLE 1.
PLAN OF COOPERATIVE OWNERSHIP

1.1 Name and Location. The name of this association ("Association") is ELEVENTH STREET DOCKOWNERS ASSOCIATION, INC. The principal office of the Association shall be in Kootenai County, Idaho.

1.2 Application to Project. The provisions of these Bylaws are applicable to that certain marina project situated in Kootenai County, Idaho, known as the Eleventh Street Marina (the "Property"). Such Property shall be leased and operated by this cooperative Association for the benefit of its Members. All present and future Members, and their tenants and guests, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these Bylaws (including any separately published Rules and Regulations promulgated by the Board), in the Articles of Incorporation for the Association, and in the Declaration of Covenants, Conditions and Restrictions for the Property ("Declaration") recorded or to be recorded in the office of the Kootenai County Recorder, and applicable to the Property. The mere acquisition of a Membership or use of any facilities within the Property will signify that these Bylaws (as they may be amended from time to time) are accepted and ratified, and will be observed.

1.3 Meaning of Terms. Unless otherwise specifically provided herein, the definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE 2.
MEMBERSHIP; MEETINGS AND VOTING RIGHTS

2.1 One Class of Members. The Association shall have one (1) class of voting membership established according to the Articles of Incorporation.

2.2 Voting Requirements. Except when otherwise expressly provided in the Declaration, the Articles or these Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken shall require the vote of a majority of a quorum of the total voting power present at any meeting (in person or by proxy).

2.3 Quorum. The presence in person or by proxy of at least thirty percent (30%) of the total voting power of the Association shall constitute a quorum. The Members present at a duly called

or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

2.4 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 before the appointed time of each meeting. All proxies shall be valid only for the meeting for which the proxies are given (including any reconvened meeting in the event of an adjournment), unless provided otherwise in the proxy (but in no event for a period exceeding eleven (11) months from date of execution). Every proxy shall be revocable and shall automatically cease upon receipt of notice by the Secretary of the Association of the death or judicially declared incompetence of such Member.

2.5 Annual Meetings. Regular annual meetings of the Members of the Association shall be held on the third Saturday of each July.

2.6 Special Meetings. A special meeting of Members of the Association may be called by the President or by any two (2) other members of the Board. A special meeting shall be called by the Board upon receipt of a written request therefor signed by Members representing not less than twenty percent (20%) of the total voting power of the Association.

2.7 Notice and Location of Meetings. At the direction of the President, the Secretary, or the officers or persons calling a meeting, written notice of regular and special meetings shall be given to all Members in the manner specified for notices under these Bylaws. Such notice shall specify the place, day, and hour of the business to be undertaken, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except in the case of an emergency, at least ten (10) days' notice (but not more than fifty (50) days' notice) of any meeting shall be provided prior to the meeting. Meetings of the Association shall be held within the Property, or at a convenient meeting place close to the Property. Notice shall also be delivered to any pledgee of a Member's Certificate who shall have filed a written request for notice with the Association, and any such pledgee shall be permitted to designate a representative to attend all such meetings.

2.8 Adjournment. In the absence of a quorum at a Members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The presence in person or by proxy of at least twenty percent (20%) of the total voting

power of the Association shall constitute a quorum at any such reconvened meeting.

2.9 Action Without Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by all the Members entitled to vote thereon. Such consent shall have the same force and effect as a unanimous vote.

2.10 Rules at Meetings. Except as otherwise provided in these Bylaws, the Articles or the Declaration, all meetings of the Members shall be governed by Roberts Revised Rules of Order.

ARTICLE 3. BOARD OF MANAGERS

3.1 Number and Term of Managers. The affairs of this Association shall initially be managed by a Board of three (3) Managers. At the regular meeting next following reduction of the voting power of the Declarant to fifty percent (50%) of the total voting power, there shall be five (5) Managers, and at the regular meeting next following reduction of the voting power of the incorporator to fifteen percent (15%) of the total voting power, there shall be seven (7) Managers. Each Manager shall be a Member of the Association, or an appointed agent of a corporate Member. The number of Managers may be changed by the amendment of these Bylaws. Except for the initial Managers, who shall serve until the first meeting of the Association, the Managers shall serve concurrent two-year terms.

3.2 Election of Board of Managers.

a. Nomination. Nominations for election to the Board of Managers may be made from the floor at the annual meeting of the Association. Additionally, the Board may appoint a Nominating Committee, which shall consist of a Chairman, who shall be a member of the Board of Managers, and two (2) or more Members of the Association. If the Board determines to appoint a Nominating Committee, the Committee shall be appointed at least sixty (60) days prior to each annual meeting of the Members, to serve until the close of such annual meeting, and shall make as many nominations for election to the Board of Managers as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled.

b. Election of Managers. Elections of Board members shall be by secret written ballot, and all elections in which two (2) or more positions on the Board are to be filled shall be conducted by cumulative voting.

3.3 Removal. An individual Manager shall not be removed prior to the expiration of his or her term of office if the number of votes cast against his or her removal is at least equal to the number of votes which would be required to elect that Manager in an election of the entire Board.

3.4 Vacancies. Vacancies in the Board caused by any reason, other than the removal of a Manager by the voting in of a replacement by the Members, shall be filled by the vote of a majority of the remaining Managers. Each person so elected shall be a Manager for the remainder of the term of the Manager he or she replaces, or until a successor is elected at a special meeting of the Members called for that purpose.

3.5 Regular Meetings. Regular meetings of the Board shall be conducted at least semi-annually at a time and place on the Property, or at a convenient meeting place close to the Property, as may be fixed by the Board. Notice of the time and place of regular meetings shall be given to each Manager, personally or by mail or facsimile transmission, at least ten (10) days prior to the day named for the meeting, and shall be posted at a prominent place or places within the Property. One of the regular meetings shall be the annual meeting, which shall be held within twenty (20) days following the annual meeting of Members.

3.6 Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Managers other than the President. Notice shall be provided to all Managers and posted within the Property in the manner prescribed for notice of regular meetings, and shall include a description of the nature of any special business to be considered by the Board; provided that special meetings of the Board shall require only three (3) days notice.

3.7 Waiver of Notice. Before or at any meeting of the Board, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to that Manager. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him or her of the time and place of the meeting, except where such attendance is for the limited and express purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

3.8 Quorum. The presence in person of a majority of the Managers at any meeting of the Board shall constitute a quorum. The vote of a majority of the quorum actually present at any meeting shall constitute the vote of the Board, unless expressly provided to the contrary in these Bylaws, or in the Declaration or Articles of the Association.

3.9 Action by Consent of Managers. Any action required or permitted to be taken by the Board of Managers may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action.

3.10 Adjournment; Executive Session. The Board may, with the approval of a majority of a quorum of the Managers, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

3.11 Board Meetings Open to Members. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

ARTICLE 4.
POWERS AND DUTIES OF THE BOARD OF MANAGERS

The Board shall have the powers and duties necessary for the administration of the affairs of the Association. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following powers and duties:

4.1 To select, appoint, supervise, and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Articles, the Declaration and these Bylaws; and to require from them security for faithful service when deemed advisable by the Board;

4.2 To enforce the applicable provisions of the Declaration, Articles, these Bylaws and other instruments relating to the ownership, management, architecture, and control of the Property;

4.3 To adopt and publish Rules and Regulations governing the use of the Property and the personal conduct of the Members and their tenants and guests, and to establish procedures and penalties for the infraction thereof;

4.4 To pay all rental payments to the Marina Lessor, to the City of Coeur d'Alene, and to the State of Idaho, as required to maintain the Association's right to use, occupy and enjoy the Dock Facilities;

4.5 To pay all taxes and assessments which are, or could become, a lien on any portion of the Property;

4.6 To maintain or contract for the maintenance of the Dock Facilities as provided in the Declaration;

4.7 To contract for casualty, liability and other insurance on behalf of the Association as required or permitted in the Declaration;

4.8 To keep, or cause to be kept, complete and accurate books and records of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures;

4.9 To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Project Documents, in accordance with procedures set forth in these Bylaws;

4.10 To borrow money and incur indebtedness for purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes or other evidences of debt (and security therefor);

4.11 To fix and collect Assessments according to the Declaration and these Bylaws, and, if deemed appropriate in the Board's discretion, to enforce the Assessment obligation by any lawful means (including, without limitation, foreclosure on Membership Certificates), if any Assessment is not paid within thirty (30) days after the due date.

4.12 To prepare and file annual tax returns with the federal government and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association.

ARTICLE 5. OFFICERS

5.1 Enumeration and Term. The officers of this Association shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as the Board may, from time to time, by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

5.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Managers following each annual meeting of the Members.

5.3 Resignation and Removal. Any officer may be removed from office by a majority of the entire Board at any time with or without cause. Any officer may resign at any time by 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 it effective.

5.4 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 or she replaces.

5.5 Multiple Offices. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.6 Duties. The duties of the officers are as follows:

a. President. The President shall preside at all meetings of the Association and the Board of Managers; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments, agreements, and orders of the Board; and shall co-sign all checks (unless the authority to sign such instruments and/or checks in the ordinary course of Association business has been delegated to other individuals or to a management company by appropriate Board resolution).

b. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

c. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

d. Treasurer. The Treasurer 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 Managers pursuant to approval of vouchers, when appropriate; shall co-sign all checks of the Association; and

shall keep proper books of account and prepare or have prepared financial statements and tax returns as required in these Bylaws. However, the duty of the Treasure to receive and deposit funds and to sign checks in the ordinary course of Association business may be delegated to other individuals or a management company by appropriate Board resolution.

ARTICLE 6.
DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS

The Board shall have the power to impose monetary penalties (fines), temporary suspensions of a Member's right to use the Dock Facilities, or other appropriate discipline for failure to comply with the Declaration, Articles, these Bylaws or duly enacted Rules and Regulations; provided that the accused shall be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. In the case in which monetary penalties (fines) are to be imposed, such amounts shall include actual attorney's fees and all costs incurred in connection with the collection of such penalties.

ARTICLE 7.
BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

7.1 Budgets and Financial Statements. Financial statements (audited, in the discretion of the Board) and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association. Additionally, if the Board does not require an audited financial statement, any Member shall have the right to have an audited statement prepared at its expense.

7.2 Fiscal Year. The fiscal year of the Association shall be as designated by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

7.3 Inspection of Association's Books and Records. The membership register, books of account, vouchers authorizing payments, minutes of meetings of the Members and of the Board, and copies of the current Declaration, Articles, Bylaws and Rules and Regulations for the Property shall be made available for inspection and copying by any Member of the Association, at any reasonable time and for a purpose reasonably related to its interest (and at the cost of the requesting party), at the office of the Association or at such other place within or near the Property as the Board shall prescribe.

7.4 Statement of Account. Upon ten (10) days' notice to the Board and payment of a reasonable fee, any Member shall be furnished a statement of its account setting forth the amount of

any unpaid Assessments or other charges due and owing from such Owner.

ARTICLE 8.
AMENDMENT OF BYLAWS

These Bylaws (and any Rules and Regulations adopted by the Board) may be amended at any time and in any manner by resolution approved by a majority of the entire Board of Managers, provided any such amendment shall not be inconsistent with the Articles, the Declaration, or the law.

ARTICLE 9.
DISSOLUTION, SALE, OR MERGER

Any decision to dissolve the Association, to merge the Association with another corporation or entity, or to sell all or substantially all of the assets of the Association, shall be supported by the vote of two-thirds (2/3) of the total voting power of the Association.

ARTICLE 10.
MISCELLANEOUS PROVISIONS

10.1 Rules and Regulations. All Members, and their tenants and guests, and any other person that might use the facilities of the Property in any manner, are subject to the Project Documents.

10.2 Compensation and Indemnity of Officers and Managers. No Manager or officer shall receive any loan from the Association, or shall receive any compensation for services rendered for or on behalf of the Association, except reimbursement for actual sums spent on behalf of the Association, to the extent authorized by the Board. To the maximum extent permitted by the Idaho Non-profit Corporation Act and the Articles, each Manager and officer shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him or her by judgment or settlement in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a Manager or officer of the Association, except in cases of fraud, gross negligence or bad faith of the Manager or officer in the performance of his or her duties.

10.3 Committees. The Board may appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Managers shall appoint other committees as deemed appropriate in carrying out its purpose; provided, however, that the power and authority of any such committee shall be limited according to the Idaho Nonprofit Corporation Act.

10.4 Notices. Any notice permitted or required to be given by the Property Documents may be delivered either personally or by mail, facsimile transmission, or as otherwise specifically provided in the Project Documents. If delivery is by mail, it shall be deemed to have been given forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the last known address of such person if no address has been given to the Secretary.

ADOPTION OF BYLAWS

The undersigned, being the duly elected Secretary of ELEVENTH STREET DOCKOWNERS ASSOCIATION, INC., does hereby certify that the foregoing Bylaws were adopted as the Bylaws of such Association on November 12, 1998, and that the same do now constitute the Bylaws of said Association.

EXECUTED on November 12, 1998.



KEVIN BETTIS