

## SCHEDULE C TO CONDOMINIUM DECLARATION

### BYLAWS

#### OF

### COHIBA CONDOMINIUM ASSOCIATION, INC.

The following are bylaws of COHIBA CONDOMINIUM ASSOCIATION, INC., a nonprofit Idaho corporation. Each owner of a condominium unit in Cohiba Condominiums automatically, by virtue of such ownership, becomes a member of the Association. All present and future owners, mortgagees and other encumbrancers, lessees, tenants, licensees and occupants of units and their guests and employees, and any other person who may use the facilities of the condominium project are subject to these Bylaws, the Condominium Declaration and Covenants, Conditions, Restrictions and Reservations for Condominiums ("Declaration"), and the rules and regulations adopted by the Board of Directors of the Association. In the event of any conflict between the Declaration and these Bylaws, the Declaration shall be controlling.

Words and phrases that are defined in the Declaration shall have the same meaning in these Bylaws.

Until the Transition Date occurs, these Bylaws shall be administered and may be amended (subject to such mortgagee approval as may be required) by Declarant, or by a managing agent appointed by Declarant. All references herein to the "Board" shall apply with equal force and effect to Declarant, the managing agent, or the Association's Board of Directors, whichever has the responsibility for administering the project.

#### ARTICLE 1 MEMBERSHIP; REGISTER; VOTING.

Section 1.1 Membership. The owners of units in the project shall constitute the Association of Unit Owners. Corporations, partnerships, associations and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be members of the Association. Owners of a unit as joint tenants, tenants in common, community property, or other ownership involving more than one owner, shall be joint members of the Association, but the sum total of their vote shall not exceed the percentage of interest for voting power appurtenant to the unit owned. In the event of such joint ownership, the vote for a unit shall be cast as a single vote; and in no event shall the percentage of votes assigned to a particular unit be further fractionalized or split.



Section 1.2 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

Section 1.3 Register of Members. The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Persons who purchase an interest in a unit shall promptly inform the Board of their interest. Persons who claim to be members of the Association shall, upon request, furnish the Board with copies of any documents under which they assert ownership of a unit or any interest therein, and any mortgages thereon.

## ARTICLE 2 MEETINGS OF MEMBERS.

Section 2.1 Place. Meetings of the members of the Association shall be held at such suitable place as may be convenient to the membership and designated from time to time by the Board.

Section 2.2 Annual Meetings. The annual meeting of the Association shall be held in the first quarter of each year, on a date fixed by the Board. At such annual meeting there shall be a financial report, the owners shall elect members to the Board or fill vacancies therein, and such other business as shall come before the meeting may be transacted.

Section 2.3 Special Meetings. It shall be the duty of the president to call a special meeting of the Association as directed by resolution of the Board or upon the written request of a majority of the Board or upon the written request of owners having one-third (1/3) of the total voting power, of the Association. A meeting called at the request of the members shall be held at such time as the president may fix, which time shall not be less than fifteen (15) nor more than thirty (30) days after the receipt of the written request therefor.

Section 2.4 Notice of Meetings. It shall be the duty of the secretary to give notice of each annual and special meeting, stating the purpose thereof and the time and place where it is to be held, to each member of the Association and to each mortgagee that has requested notice, all as provided in Article 15 of the Declaration. Notice shall be given at least thirty (30) days before annual meetings and at least ten (10) days before special meetings. Before any meeting of the Association, any member may, in writing, waive notice of such meeting. Attendance by a member at a meeting of the Association shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins.

Section 2.5 Quorum. The presence in person or by proxy of members of the Association or voting representatives holding fifty percent (50%) of the total voting power shall constitute a quorum for the transaction of business at any meeting of members of the Association.

Section 2.6 Proxies. Any unit owner or voting representative may vote by proxy. Proxies shall be in writing, signed by the owner, or voting representative, and filed with the Board. Proxies may be revoked at any time by written notice to the Board. Any designation of proxy must be signed by all owners of a unit; but where husband and wife are owners, the proxy need be signed by only one spouse unless the other spouse notifies the Board not to accept the proxy.

Section 2.7 Majority Vote. Except as otherwise provided by statute, by the Declaration, or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is in attendance shall require the affirmative vote of at least fifty-one percent (51%) of the voting power present.

Section 2.8 Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with on motion:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors (annual meeting or special meeting called for such purpose);
- (g) Unfinished business;
- (h) New business;
- (i) Adjournment.

Section 2.9 Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order.

## ARTICLE 3. BOARD OF DIRECTORS.

Section 3.1 Number and Qualifications. The affairs of the Association shall be governed by a Board of not fewer than three (3) nor more than seven (7) directors, who shall be elected by ballot from the members of the Association. The members of the Association at any annual meeting may change the number of directors within those limits, but shall not reduce the number in such a manner to deny an incumbent director (unless removed for cause) a full term of office. If a corporation is a member of the Association, any one of its officers, directors, or shareholders may be elected to the Board; if a partnership is a member, any one partner of such partnership may be elected to the Board.

Section 3.2 Powers and Duties. The Board shall have the powers and duties provided for the administering authority of the project in the statutes and in the Declaration, and all other power necessary for the administration of the affairs of the Association, and may do all such acts and things as are not prohibited by statute or by the Declaration required to be done in another manner. No contract made by the Board or any officer for the Association shall have a fixed term longer than one (1) year.

Section 3.3 Managing Agent. Management of the project may initially be carried out by Declarant or a managing agent appointed by Declarant as provided in Article 16 of the Declaration. An experienced professional managing agent may be employed by the Declarant or the Board to assist in the management and operation of the project, subject to the contractual limitations set forth in the Declaration.

Section 3.4 Election and Term of Office. The initial directors named in the Articles shall serve until the first day of the calendar month following the date of adjournment of the first annual meeting. Thereafter, the term of office for directors shall begin on the first day of the calendar month following the date of adjournment of the annual meeting at which they are elected. The normal term of office for directors will be for three (3) years and until their successors are elected and take office. However, to provide for staggered terms, at the first annual meeting, one-third (1/3) of the number of directors (or the whole number nearest to one-third) shall be elected for one (1) year, the same number shall be elected for two (2) years, and the remainder shall be elected for three (3) years.

Section 3.5 Vacancies. Vacancies on the Board caused by reasons other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so selected shall be a director until a successor is elected at the next annual meeting of the Association to serve the balance of the unexpired term.

Section 3.6 Removal of Directors. At any regular or special meeting after the Transition Date, any one or more of the directors may be removed, with or without cause, by the holders of a majority of the total voting power of the Association and a successor may then and there be elected to fill the vacancy thus created and to serve the balance of the unexpired term. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 3.7 Compensation. No compensation shall be paid to directors for their services as directors.

Section 3.8 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each director personally or by mail, telephone or telegraph, at least three (3) days before the day fixed for the meeting.

Section 3.9 Special Meetings. Special meetings of the Board may be called by the president on three (3) days' notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by either the president or the secretary in like manner and on like notice on the written request of any two (2) directors.

Section 3.10 Waiver of Notice. Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins.

Section 3.11 Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board.

Section 3.12 Open Meeting. Any unit owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate.

#### ARTICLE 4 OFFICERS.

Section 4.1 Designation. The principal officers of the Association shall be a president, a vice president, a secretary and a treasurer, all of whom shall be elected by the Board. The directors may appoint such other officers as in their judgment may be necessary or desirable. Two or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. They shall hold office at the pleasure of the Board.

Section 4.3 Removal of Officers. At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting.

Section 4.4 President. The president shall be the chief executive officer of the association. He shall, when present, preside at all meetings of the Association and of the Board and shall have all powers and duties usually vested in the office of the president.

Section 4.5 Vice President. The vice president shall perform the duties of the president when the president is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Board and of the Association and shall have custody of the business records of the Board and the Association, other than financial records kept by the treasurer. He shall also perform such other duties as may be prescribed by the Board.

Section 4.7 Treasurer. The treasurer shall have responsibility for the Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.

Section 4.8 Other Officers and Employees. Other officers of the Association and any persons employed to assist the officers shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Declaration and these Bylaws.

Section 4.9 Compensation. The Board may pay reasonable compensation to any officer or unit owner who performs substantial services for the project in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until sixty (60) days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within sixty (60) days after the notice of the decision was given.

Section 4.10 Declarant's Powers. In accordance with the Declaration, the Declarant or Declarant's managing agent may exercise the powers of the officers until the Transition Date.

## ARTICLE 5 COMMITTEES.

Section 5.1 Committees of Directors. The Board may appoint one or more committees that consist of one or more directors. Such committees, if composed entirely of Board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board in the management of the Association. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the project.

Section 5.2 Other Committees. Other committees, not having or exercising the authority of the Board in the management of the Association, may be appointed by the president or the directors, and such committees may be composed of one or more members of the Association other than Board members but at least one member must be a Board member.

## ARTICLE 6 OBLIGATION OF OWNERS.

Section 6.1 Contribution to Working Capital. The original first purchaser of each unit from Declarant shall pay to the Association as a contribution to the Association's initial working capital an amount equal to twice the estimated monthly assessment against such unit.

Section 6.2 Monthly Assessments. Owners are obligated to pay monthly assessments imposed by the Association to meet the common expenses of the project as provided in the Declaration.

Section 6.3 Compliance with Covenants, Bylaws and Administrative Rules and Regulations. Each unit owner shall comply strictly with the Declaration, these Bylaws, and with the administrative rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and with any covenants, conditions and restrictions set forth in the deed to his unit. Failure to comply with any of the foregoing shall be ground for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board or the managing agent on behalf of the Association or by a particularly aggrieved unit owner.

## ARTICLE 7 HANDLING OF FUNDS.

Section 7.1 Accounts. The Association shall establish the necessary funds or accounts to provide properly for the operation and maintenance of the project. Overall superintendence of these funds shall be the responsibility of the treasurer of the Association. All accounts with banks or other depositories shall require the signature of two (2) officers on checks or other withdrawals. There shall be at least three (3) separate funds as described in Sections 7.2, 7.3 and 7.4.



Section 7.2 Working Capital Fund. The treasurer shall cause to be established a checking account in a commercial bank to be known as the "Working Capital Fund." This fund will be used for the normal operation of the project and will receive all monthly assessments, first purchasers' initial contributions to the fund, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the project and maintenance expenses of a routine or minor nature that do not require resorting to the Reserve Fund for Common Areas and Facilities. Funds for the Reserve Fund for Insurance Premiums and the Reserve Fund for Common Areas and Facilities will normally be deposited in the Working Capital Fund and checks immediately issued to the other fund so an overall account of the funds received and disbursed by the Association is centralized in the check register of the Working Capital Fund account.

Section 7.3 Reserve Fund for Insurance Premiums. The treasurer shall cause to be established an interest-bearing savings account in a bank or savings and loan association, or with a money market fund, which shall be known as the "Reserve Fund for Insurance Premiums." Each month the treasurer shall cause to be deposited into this fund an amount equal to at least one-twelfth (1/12) of the total cost of all premiums for the policy or policies and bonds the Association is required by the Declaration to purchase. Such premiums shall be paid out of this fund.

Section 7.4 Reserve Fund for Common Areas and Facilities. The Association shall maintain an interest-bearing savings account in a bank or savings and loan association, or with a money market fund, which account shall be known as the "Reserve Fund for Common Areas and Facilities." The purpose of the reserve account will be to provide for the periodic maintenance, repair and replacement of the common areas and facilities. An amount adequate for this purpose shall be included in each annual budget and collected as a part of the monthly assessments.

## ARTICLE 8 AMENDMENT OF PERCENTAGE OF INTEREST IN COMMON AREAS AND FACILITIES.

Section 8.1 Appraisal. The project and all parts thereof shall be reappraised upon the happening of any event which, in the judgment of the Board, requires a reappraisal and reapportionment of the values of one or more units or appurtenant common areas and facilities. The appraisal shall be made by a competent MAI or SRPA appraiser selected by the Board. After the appraisal has been made, it shall be considered by the unit owners at an annual or special meeting. Any unit owner shall have the right to be heard at the meeting and to introduce evidence if he desires.

Section 8.2 Consent Required. Except as otherwise provided in the Declaration, (a) the value of the property and of each unit and the percentage of undivided interest in the common areas and facilities shall not be altered without first amending the Declaration, and (b) any such amendment shall require the unanimous consent of the unit owners and prior written approval of seventy-five percent (75%) of all first mortgages

(based upon one vote for each first mortgage held).

#### ARTICLE 9 KEEPING RECORDS AND REPORTS.

Section 9.1. General. The Board shall cause to be kept complete, detailed and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers and other records of the Association shall be available for examination by the owners, mortgagees and the agents or attorneys of either of them, during normal business hours and at any other reasonable time or times.

Section 9.2 Financial Reports. The Board shall cause to be issued and mailed to all members of the Association and to all mortgagees that request them, within ninety (90) days following the end of each fiscal year of the project, an audited financial statement for that fiscal year, which shall include a balance sheet and a statement of operations and a comparison between the actual expenses of operation and the expenses that had been projected for that year. Holders of first mortgages may require the submission of additional financial data concerning the project as is reasonably required by prudent mortgage loan management.

#### ARTICLE 10 AMENDMENTS.

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors or by the shareholders at any regular or special meeting. The amendment of these Bylaws is subject to the limitations set forth in the Declaration.

#### ARTICLE 11 ABANDONMENT OR TERMINATION OF CONDOMINIUM STATUS.


Except in cases of substantial damage to the property as provided in Article 24 of the Declaration or condemnation of the entire project as provided in Section 25.3 of the Declaration, the condominium status of the property shall not be abandoned or terminated by reason of any act or omission by the owners or the Association, except with the consent of all owners by an instrument to that effect duly recorded, and then only if the mortgagees and holders of all liens affecting any of the units consent thereto or agree, in either case by an instrument duly recorded, that their mortgages and liens be transferred to the percentage of the undivided interest of the owner in the property.

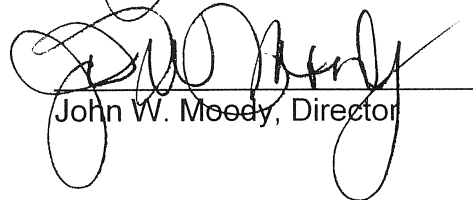
#### ARTICLE 12 INDEMNIFICATION.

To the full extent permitted by applicable law, each member of the Board, each member of an Association committee, each officer, the Declarant who filed the Declaration, and the managing agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in

connection with any proceeding to which he may be a party, or in which he may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her duties; provided, however, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interest of the Association; and further provided that this right of indemnification shall be inapplicable to the extent necessary, if at all, for the Association to obtain any insurance required by the Declaration.

The foregoing Bylaws shall be effective the 3<sup>rd</sup> day of November, 2003.

  
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Gary C. Asin & Lori J. Asin Directors

  
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John W. Moody, Director

