

BY-LAWS
OF
AVIMOR STEWARDSHIP ORGANIZATION, INC.



AVIMORTM

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BY-LAWS
OF
AVIMOR STEWARDSHIP ORGANIZATION, INC.

Article 1
Name, Principal Office, and Definitions

1.1. Name.

The name of the corporation is Avimor Stewardship Organization, Inc. (the "ASO").

1.2. Principal Office.

The ASO's principal office shall be located in Ada, Boise, or Gem County, Idaho. The ASO may have such other offices as the Board may determine or as the ASO's affairs require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the meaning ascribed to them in the Community Covenant for Avimor recorded by SunCor Idaho, Inc., an Idaho corporation, in the public records of Ada, Boise, and Gem Counties, Idaho (as it may be amended, the "Covenant"), or in the Community Charter for The Residential Community at Avimor, recorded or to be recorded in the aforesaid records (as it may be amended, the "Residential Charter").

Article 2
Mission and Purposes of the ASO

2.1. Mission.

The ASO's mission is to enhance the quality of life and sense of community in Avimor and the greater community and to preserve, protect, and conserve environmentally sensitive property in the area and to mitigate the negative effects of residential development on the natural wildlife and native habitat in Avimor and the surrounding area, as more particularly described in the Covenant.

2.2. Purposes.

The ASO is organized to provide for the furtherance and promotion of the common good and general social welfare of the residents of Avimor and the surrounding community. The ASO may provide or provide for activities, services, and programs of a corporation exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code, Title 26 of the United States Code (the "IRC"), as amended, or the corresponding provision of any future United States internal revenue law. The ASO shall not, except

to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the ASO, and the ASO shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under the IRC. The purposes for which the ASO is organized are further set forth in its Articles of Incorporation and the Covenant.

Article 3 Administration of the ASO

3.1. Governing Body.

The ASO shall have no members. The board of directors selected pursuant to Article 4 (the "Board") shall manage the ASO's affairs in accordance with these By-Laws and the Covenant.

3.2. Community-Wide Meetings.

From time to time, the Board may call meetings of the Owners of Units subject to the Covenant, other residents, and stakeholders within Avimor, and other interested parties. The Board shall set the time, place, and agenda for such meetings. They also shall communicate notice of the meetings by (a) posting in a conspicuous location or locations within Avimor, (b) publishing in a newspaper or community newsletter, (c) posting on a community cable channel or intranet or Internet website generally known to the Owners and residents of Avimor, or (d) similar means to which such persons could reasonably be expected to have access.

Such notice shall be given, published, or posted at least 10 but not more than 50 days prior to the meeting date. Participation in discussions during community-wide meetings shall be subject to reasonable Board regulation.

3.3. Special Community Meetings.

The Board shall call a special community-wide meeting: (a) at the request of a majority of the directors; (b) upon the request of the board of directors of the Residential Association; or (c) upon petition of the Owners of at least 25% of the Units which describes the purpose or purposes for which the meeting is to be held. The notice of any special community-wide meeting shall be given as provided in Section 3.2.

Article 4 Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

4.1. Number and Qualification of Directors.

(a) *Number.* The Board shall consist of at least three and not more than seven directors (as determined by the Board), who shall be selected in accordance with this Article. Each director shall have one equal vote.

(b) *Qualifications.* Any natural person 18 years of age or older may serve as a director. Except as otherwise provided in Section 4.2, directors need not be Owners or residents of Avimor and may include local officials, business people, representatives of the public and private schools serving Avimor, and others selected in accordance with Section 4.2.

4.2. Selection of Directors; Term of Office.

The initial Board shall consist of the three directors identified in the Articles of Incorporation, who shall serve until their successors are appointed or elected as provided in this section. The terms of office of the initial directors shall be set as they among themselves determine at the first organizational meeting of the Board so that the term of one director shall expire one year from the date of such meeting, and the term of two directors shall expire two years from such date. During the "**Development and Sale Period**" (as such term is defined in the Residential Charter), the Founder shall be entitled to appoint directors to fill these three positions.

Prior to the termination of the Development and Sale Period, as determined in the discretion of the Founder, the size of the Board shall be expanded to five directors. The Board of Directors of the Residential Association (the "**Residential Board**") shall appoint one additional director to serve an initial term of two years and one additional director to serve an initial term of one year. The two directors appointed by the Residential Board are referred to as "**Residential Directors**," and the remaining three directors are referred to as the "**Directors-at-Large**."

The Board may elect upon the vote of a majority of the directors to increase the size of the Board to seven directors with the consent of the Founder during the Development and Sale Period. Upon such increase, one additional Residential Director shall be appointed by the Residential Board to serve an initial term of two years, and one additional Director-at-Large shall be appointed by the Directors-at-Large then in office to serve an initial term of one year.

Upon the expiration of the term of office of each Residential Director, the Residential Board shall be entitled to appoint a successor to serve a term of two years. After termination of the Development and Sale Period, prior to the expiration of the term of office of each Director-at-Large, the Directors-at-Large then in office shall appoint a successor to serve a term of two years. Directors may serve on the Board for up to three consecutive terms or six years, whichever is greater.

4.3. Resignation and Removal of Directors; Vacancies.

Any director 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 such notice is received or at a later date specified in the notice. Acceptance of resignation shall not be necessary to make it effective.

During the Development and Sale Period, the Founder shall have the sole authority to remove, with or without cause, and replace directors and to fill vacancies in any directorship for the unexpired portion of the term of a director who has been removed or vacated such position. Any Residential Director may be removed, with or without cause, by the Residential Board. The Residential Board shall have the authority to appoint a successor to fill any vacancy in the office of a Residential Director for the remainder of the term. After termination of the Development and Sale Period, any Director-at-Large may be removed, with or without cause, upon the vote of two-thirds of the remaining Directors-at-Large. The remaining

Directors-at-Large shall have the authority to appoint a successor to fill any vacancy in the office of a Director-at-Large for the remainder of the term.

B. Meetings.

4.4. Organizational Meeting.

The Board shall hold an organizational meeting within six months following incorporation of the ASO at such time and place as the Board shall fix.

4.5. Regular Meetings.

The Board shall hold regular meetings at such time and place as a majority of the directors shall determine from time to time, but the Board shall meet at least two times during each fiscal year with at least one meeting during the first six months and one meeting during the last six months of each fiscal year.

4.6. Special Meetings.

The President, Vice President, or any two directors may call a special meeting of the Board. The Secretary shall prepare and distribute written notice of any special meeting specifying the time and place of the meeting and the nature of any special business to be considered.

4.7. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. In addition, the notice of any meeting at which an amendment to these By-Laws is to be considered must state that the purpose, or one of the purposes, of the meeting is to consider the amendment, and the notice must be accompanied by a copy or summary of the amendment or state the general nature of the amendment. The Board shall notify each director of meetings by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at or sent to the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the ASO's records. The Board shall deposit notices sent by first class mail into a United States mailbox at least five business days before the day of the meeting. The Board shall give notices by personal delivery, telephone, or electronic communication at least 72 hours before the time set for the meeting.

(b) Except for emergency meetings, notice of each Board meeting shall be communicated to the Owners and residents in Avimor by posting notice of the meeting in a conspicuous place in Avimor, publishing in a newspaper or community newsletter, or posting on a community cable channel or intranet or Internet website generally known to the Owners and residents, or by similar means by which Owners and residents could reasonably be expected to have access. As an alternative to providing separate notice of each meeting, the Board may post or publish a schedule of upcoming, regular Board meetings.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

4.8. Telephonic Participation in Meetings.

Members of the Board or any committee the Board designates may participate in a Board or committee meeting by conference telephone or similar communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence at such meeting.

4.9. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless Idaho law, these By-Laws, or the Covenant specifically provide otherwise. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present may adjourn the meeting to a time not less than five or more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present the Board may transact, without further notice, any business it might have transacted at the original meeting.

4.10. Conduct of Meetings.

The President or any Board-approved designee shall preside over all Board meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions and all transactions occurring at such meetings are included in the ASO's records.

4.11. Open Meetings; Executive Session.

(a) Subject to the provisions of Section 4.11(b) and Section 4.12, all Board meetings shall be open to the Founder, all Owners, and all directors, officers, and authorized representatives of the Residential Association, but only directors may participate in any discussion or deliberation unless a director requests that attendees be granted permission to speak. In such case, the President may limit the time any such individual may speak.

(b) Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss matters protected by the attorney-client privilege, such as proposed, pending, or threatened litigation, or to discuss any other matter of a sensitive nature, if Idaho law permits.

4.12. Action Without a Formal Meeting.

Any Board action may be taken without a meeting if all of the directors sign a written consent, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

4.13. Powers.

The Board shall have all powers which Idaho law provides for nonprofit corporations and those necessary to administer the ASO's affairs, perform the ASO's responsibilities, and exercise the ASO's rights as set forth in the ASO Governing Documents and as provided by law. For purposes of illustration but not limitation, the Board shall have the power to:

(a) provide for activities, services, and programs designed to further the missions of the ASO as set forth in the Covenant and these By-Laws;

(b) adopt rules, regulations, or policies regulating the participation in activities, services, and programs sponsored by the ASO;

(c) charge reasonable admission, use, or consumption fees for the use and enjoyment of the various services and programs provided by or through the ASO;

(d) enforce the provisions of the Covenant and the ASO's rules and regulations and bring proceedings concerning the ASO, subject to the limitations set forth in the Covenant;

(e) dedicate or transfer all or part of any real property it owns or mortgage, pledge, or hypothecate any or all of its real or personal property as security for obligations;

(f) enter into leases or use agreements with other entities or individuals; and

(g) appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution.

4.14. Duties.

The Board's duties shall include, without limitation:

(a) overseeing the preparation of and adopting annual budgets as provided in the Covenant;

(b) levying and collecting fees and other charges as authorized in the Covenant;

(c) paying the cost of all Board-authorized services rendered to or on the ASO's behalf;

(d) opening bank accounts on the ASO's behalf and designating the signatories required;

(e) designating, hiring, and dismissing personnel necessary to carry out the ASO's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(f) depositing all funds received on the ASO's behalf in a bank depository which it shall approve and using such funds to operate the ASO; however, in the Board's business judgment reserve funds may be deposited in depositories other than banks;

(g) obtaining and carrying liability and other insurance, as required by the ASO Governing Documents and as the Board, in the exercise of its business judgment, deems advisable; obtaining fidelity bonds on all individuals responsible for handling funds on the ASO's behalf; paying the cost of such insurance and bonds; and filing and adjusting claims, as appropriate;

(h) keeping a detailed accounting of the ASO's receipts and expenditures;

(i) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the ASO Governing Documents. The Board may establish and charge reasonable fees to cover its printing and mailing costs; and

(j) cooperating with the Residential Association in fulfilling its responsibilities under the Residential Charter.

Article 5 Officers

5.1. Officers.

The ASO's officers shall be a President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members; other officers may, but need not, be Board members. The Board may appoint such other officers, including a Vice President and one or more Assistant Secretaries and Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.2. Election and Term of Office.

The Board shall elect the ASO's officers at the first Board meeting of each calendar year to serve until their successors are elected.

5.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the ASO's best interests will be served and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

5.4. Powers and Duties.

The ASO's officers shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the ASO's chief executive officer. The Treasurer shall have primary responsibility for preparing the ASO's budgets as provided for in the Covenant and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both. The Secretary shall have responsibility for preparing minutes of Board and ASO meetings and for authenticating the ASO's records.

5.5. Resignation.

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 the receipt of such notice or at a later time specified therein. Unless the resignation specifies, acceptance of such resignation shall not be necessary to make it effective.

Article 6 Committees

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall have two or more members who serve at the pleasure of the Board and operate in accordance with the terms of such resolution. In the conduct of its duties and responsibilities, each committee shall abide by the notice and quorum requirements applicable to the Board under Sections 4.7 and 4.9. Except as otherwise provided by Board resolution or the ASO Governing Documents, members of a committee may act by unanimous written consent in lieu of a meeting.

Article 7 Standards of Conduct; Liability and Indemnification

7.1. Standards for Directors and Officers.

The Board shall exercise its powers in a reasonable, fair, nondiscriminatory manner and shall adhere to the procedures established in the ASO Governing Documents. In performing their duties, directors and officers shall act as fiduciaries and shall be insulated from liability as provided for directors of corporations under Idaho law and as otherwise provided by the ASO Governing Documents. Directors and officers shall discharge their duties as directors or officers, and as members of any committee to which they are appointed, in a manner that the director or officer believes in good faith to be in the best interest of the corporation and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under Idaho law.

7.2. Liability.

(a) A director or officer shall not be personally liable to the ASO, any Owner, or any other Person for any action taken or not taken as a director or officer if he or she has acted in accordance with Section 7.1.

(b) To the extent consistent with Idaho law, a director also shall not be personally liable for any action taken or not taken as a director if the director:

(i) acts within the expressed or implied scope of the ASO Governing Documents and his or her actions are not *ultra vires*;

(ii) affirmatively undertakes to make decisions which the director reasonably believes are necessary for the ASO's continued and successful operation and, when decisions are made, makes them on an informed basis;

(iii) acts on a disinterested basis, promptly disclosing any real or potential conflict of interests (pecuniary or other), and avoiding participation in decisions and actions on matters as to which he has a conflict of interest (beyond that which any director may have by virtue of his or her residency in Avimor or ownership of a Unit); and

(iv) acts in a non-fraudulent manner and without reckless indifference to the ASO's affairs.

(c) The ASO's officers, directors, and committee members of shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the ASO's behalf.

7.3. Indemnification.

Subject to the limitations of Idaho law, the ASO shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the ASO shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the ASO, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under Idaho law; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

(i) appropriation, in violation of his or her duties, of any business opportunity of the ASO;

(ii) willful or intentional misconduct or knowing violation of the law;

(iii) an unlawful distribution to members, directors or officers; or

- (iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The ASO shall, as an ASO expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.4. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in Idaho law, the Board may authorize the ASO to advance funds to pay for or reimburse the reasonable expenses incurred by a present or former officer, director, or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member of the ASO. The officer, director, or committee member must furnish the corporation a written affirmation of his good faith belief that he has met the standards of conduct set forth in Section 7.1.

7.5. Conflicts of Interest.

Unless otherwise provided by a majority of the other directors, no officer or director may transact business with the ASO or any ASO contractor during his or her term as an officer or director or within two years after the term expires. An officer or director shall promptly disclose in writing to the Board any actual or potential conflict of interest relative to his or her performance as an officer or director. Failure to make such disclosure shall be grounds for removal by a majority of the other directors.

Notwithstanding the above, directors appointed by the Founder may be employed by or otherwise transact business with the Founder or its affiliates, and the Founder may transact business with the ASO or its contractors, provided such business is transacted on a commercially reasonable basis.

Article 8 Management and Accounting

8.1. Compensation of Directors and Officers.

The ASO shall not compensate directors and officers for acting as such unless a majority of the directors consent in writing, excluding the director whose compensation is in question. The ASO may reimburse any director or officer for expenses he or she incurs on the ASO's behalf upon approval of a majority of the other directors. Nothing herein shall prohibit the ASO from compensating a director or officer, or any entity with which a director or officer is affiliated, for services or supplies he or she furnishes to the ASO in a capacity other than as a director or officer pursuant to a contract or agreement with the ASO. However, such director must make known his or her interest to the Board prior to entering into such contract, and a majority of the Board, excluding any interested director, must approve such contract.

8.2. Managing Agent.

The Board may employ for the ASO one or more professional management agents at such compensation as the Board may establish to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate

policy-making authority or ultimate responsibility for those duties set forth in Section 4.14. The Board may employ the Founder or its affiliate as managing agent or manager.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the managing agent or manager which might arise between Board meetings.

The managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the ASO, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the ASO. The managing agent shall promptly disclose to the Board any financial or other interest that it may have in any firm providing goods or services to the ASO.

8.3. Accounts and Reports.

(a) The Board shall follow the following accounting standards unless the Board by resolution specifically determines otherwise:

- (i) accounting and controls should conform to generally accepted accounting principles; and
- (ii) the ASO's cash accounts shall not be commingled with any other accounts, and operating accounts shall not be commingled with reserve accounts (if any);

(b) Commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the ASO within 60 days after the end of each quarter:

- (i) an income statement reflecting all income and expense activity for the preceding period;
- (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
- (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
- (iv) a balance sheet as of the last day of the preceding period; and
- (v) a delinquency report listing all Owners who are delinquent in paying any amounts due to the ASO at the time of the report.

(c) An annual report consisting of at least the following shall be made available for Owners' review within 180 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines.

8.4. Borrowing.

The ASO shall have the power to borrow money for any legal purpose and to pledge its property and future income as collateral for the debt.

8.5. Right to Contract.

The ASO shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with the Residential Association, trusts, condominiums, cooperatives, and other owners or residents associations within and outside Avimor.

8.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All ASO agreements, contracts, deeds, leases, checks, and other instruments shall be executed by at least two officers or by such other person or persons as the Board may designate by resolution.

**Article 9
Remedies for Violations and Misconduct**

9.1. Authority; Sanctions.

(a) Subject to compliance with the procedures described in Section 9.2, the Board shall have the right to impose sanctions for violations of its rules, which may include but need not be limited to:

(i) reasonable monetary fines (subject to the limitations under Idaho law), which shall be levied as an assessment and constitute a lien upon the violator's property; and

(ii) suspension of the privilege of using any services or participating in any programs that the ASO provides or sponsors.

The ASO shall have the right to recover any costs incurred by the ASO as a result of the negligence or misconduct of any Person using property owned by the ASO or participating in programs or events sponsored by the ASO. On its own initiative or upon filing of a written complaint by any Owner or resident of Avimor, the Board may investigate the facts and circumstances and, if the Board determines appropriate, may proceed in accordance with this Article.

In addition, the Board may elect to file suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedures described in Section 9.2. All remedies are cumulative of any remedies available at law or in equity. If the ASO prevails in any legal action, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs reasonably incurred in such action.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

(i) the ASO's position is not strong enough to justify taking any or further action;

(ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the ASO's resources; or

(iv) that it is not in the ASO's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed as a waiver of the ASO's right to enforce such provision at a later time under other circumstances or preclude the ASO from enforcing any other covenant, restriction, or rule. Decisions as to whether to institute litigation are no different than other decisions the directors make. There is no independent legal obligation to bring a civil action against another party, and the Board shall have no duty to sue under any circumstances.

9.2. Imposition of Sanctions.

The Board shall comply with the following procedures prior to imposing sanctions against any Owner:

(a) *Notice and Response.* The Board or its delegate shall serve the alleged violator with written notice by first class or certified mail, return receipt requested: (i) describing the nature of the alleged violation or the property damage which is the basis of the proposed sanction or amount due to the ASO; (ii) setting forth the proposed sanction to be imposed; (iii) informing the alleged violator that he or she shall have 15 days after receipt of the notice to present a written request for a hearing before the Board; (iv) if the violation is curable, informing the alleged violator that he or she may avoid the proposed sanction by curing the violation within a reasonable cure period stated in the notice, except that the ASO shall have no obligation to provide a cure period if the alleged violator has been given notice of a similar violation within the preceding six months; and (v) informing the alleged violator that the proposed sanction may be imposed as contained in the notice unless a hearing is requested within 15 days of the notice.

The alleged violator shall respond to the notice of the alleged violation in writing within such 15-day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction. If the alleged violator cures the alleged violation and notifies the Board in writing within such 15-day period the Board may, but shall not be obligated to, waive the sanction. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 15-day period.

Prior to the effectiveness of sanctions imposed pursuant to this Article, proof of proper notice shall be placed in the minutes of the Board. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

(b) *Hearing.* If a hearing is requested within the allotted 15-day period, the hearing shall be held before the Board in executive session within 30 days after the receipt of the alleged violator's request, but in any event at least five days prior to the imposition of the sanction. Either the Board or the alleged violator may request a postponement of up to 10 days, and such postponement shall be granted. Additional postponements may be granted upon agreement of both parties. The Board shall notify the alleged violator of the time, date, and place of the hearing at least 10 days prior to the hearing. At the hearing, the alleged

violator shall be afforded a reasonable opportunity to be heard. The minutes of the Board meeting shall contain a written statement of the results of the hearing (*i.e.*, the Board's decision) and the sanction, if any, to be imposed. Written notice of the decision shall be mailed to the alleged violator within three days after the hearing.

Article 10 Miscellaneous

10.1. Fiscal Year.

The ASO's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

10.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of ASO proceedings when not in conflict with Idaho law or the ASO Governing Documents.

10.3. Books and Records.

(a) *Inspection by Owners and Mortgagees.* The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any Owner, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the ASO Governing Documents, books of account, and the minutes of meetings of the Board and committees. The Board shall provide for such inspection to take place within 10 business days after receipt of a written request for access at the ASO's office or at such other place within Avimor as the Board shall designate.

(b) *Rules for Inspection.* The Board may establish rules with respect to:

- (i) the frequency and manner of inspection;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing documents requested.

(c) *Inspection by Directors.* Every director shall have the absolute right at any reasonable time to inspect all ASO books, records, and documents and the physical properties owned or controlled by the ASO. A director's right of inspection includes the right to make a copy of relevant documents at the ASO's expense.

10.4. Notices.

(a) *Form of Notice and Method of Delivery.* Except as otherwise provided in the Covenant or these By-Laws or by Idaho law, all notices, demands, bills, statements, or other communications under the Covenant or these By-Laws shall be in writing and may be delivered in person, by United States mail, by pri-

vate carrier, or if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission.

(b) *Delivery Address.* Notices shall be delivered or sent to the intended recipient as follows:

(i) if to an Owner, at the address, telephone facsimile number, or e-mail address the Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Owner;

(ii) if to the ASO, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the ASO or its managing agent or at such other address as the ASO shall designate by notice in writing to the Owners pursuant to this section; or

(iii) if to the Founder, at the Founder's principal address as it appears on the Secretary of State's records or at such other address as the Founder shall designate by notice in writing to the ASO pursuant to this section.

(c) *Effective Date.* Notice sent in accordance with Sections 10.4(a) and (b) shall be deemed to have been duly given and effective if:

(i) sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) sent by telephone facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

10.5. Amendment.

These By-Laws may be amended upon approval of at least two-thirds of the directors, with the consent of the Founder so long as the Founder owns any Unit or has an unexpired option to submit additional property to the Residential Charter. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment shall be prepared and signed by the President or Vice President and by the Secretary or Treasurer certifying that the requisite approval was obtained.

Amendments to these By-Laws shall become effective upon recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of the Founder without the Founder's written consent, or the consent of the assignee of such right or privilege.

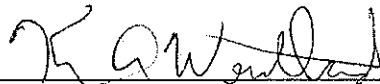
CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Avimor Stewardship Organization, Inc., an Idaho nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of the ASO, as duly adopted by resolution of the Board of Directors thereof on the 1ST day of April, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said ASO this 1ST day of April, 2008.

 [SEAL]
Secretary