

BYLAWS

OF

HERON COVE LOCAL ASSOCIATION, INC.

ARTICLE I

GENERAL PLAN OF OWNERSHIP

1.1 Name. The name of the corporation is HERON COVE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Heron Cove Association." The principal office of the Heron Cove Association shall be located in Ada County, Idaho.

1.2 Bylaws Applicability. The provisions of these Bylaws are applicable to the Condominium Project known as RIVER RUN HERON COVE (hereinafter called "Project"), a condominium project located in the City of Boise, Ada County, State of Idaho, described in the Heron Cove Supplement to the Declaration of Covenants, Conditions and Restrictions for River Run and Condominium Declaration for River Run Heron Cove Condominiums and the amendments thereto, recorded or to be recorded in the Office of the County Recorder, Ada County, Idaho ("Heron Cove Supplement").

1.3 Personal Application. All present and future Owners and their tenants, future tenants, employees, and any other person that might use the Units or Local Common Area within the Project in any manner, are subject to the regulations set forth in these Bylaws and the Heron Cove Supplement.

The mere acquisition or rental of a Condominium within the Project or the mere act of occupancy of any such Condominiums will signify that these Bylaws are accepted, ratified and shall be complied with.

ARTICLE II

VOTING, MAJORITY OF MEMBERS, QUORUM, PROXIES

2.1 Voting. Except for the Class B membership as provided for in the Articles and the Heron Cove Supplement, each Member who is the Owner of a Unit shall be entitled to one (1) vote for each Unit owned by such Member.

2.2 Majority of Members. As used in these Bylaws, the term "majority of Members" shall mean those Members of the Heron cove Association holding fifty-one percent (51%) of the combined voting power of the classes of membership in the Heron Cove Association.

2.3 Quorum. Except as otherwise provided in these Bylaws, the Articles or the Heron Cove Supplement, the presence in person or by proxy of the Class B Member and Class A Members holding at least one-third (33-1/3%) of the total votes of the Class A membership 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. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary at least

twenty-four (24) hours before the appointed time of each meeting. Every proxy shall be revocable at the pleasure of the Member who executed it and shall automatically cease after completion of the meeting of which the proxy was filed, if filed for a particular meeting. In no event shall a proxy be valid after eleven (11) months from the date of its execution.

ARTICLE III

ADMINISTRATION

3.1 Heron Cove Association Responsibilities. The Heron Cove Association shall have the responsibility of administering the Local Common Area as specified in the Heron Cove Supplement, including providing maintenance for the Buildings located on the Project and providing property insurance for the Condominiums located on the Project, as specified in the Heron Cove Supplement, and other insurance as specified in the Heron Cove Supplement, approving the annual budget, establishing and collecting all Assessments, and at the discretion of the Heron Cove Association, arranging for the management of the same pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the Management Firm. Except as otherwise provided herein and in the Heron Cove Supplement, decisions and resolutions of the Heron Cove Association shall require a vote or written consent of a majority of the votes of each class entitled to vote at a meeting of the Members of the Heron Cove Association at which a quorum is present.

3.2 Place of Meetings. Meetings of the Heron Cove Association shall be held on the Project or such other suitable place close to the Project as practicable in Ada County, Idaho, as may be designated by the Board of Directors and shall be conducted in accordance with Robert's Rules of Order as the same exist from time to time.

3.3 Annual Meetings. The first annual meeting shall be held within the first six (6) months of the first calendar year following the first conveyance of a Unit to an Owner other than Grantor. Thereafter, the annual meetings of the Heron Cove Association shall be held on the anniversary date of the first annual meeting; provided, however, that should the anniversary date fall on a legal holiday or weekend day, then such annual meeting of the Members shall be held on the next day thereafter which is not a legal holiday or a weekend day; provided, however, that the annual meeting may be held at such other date as is specified by the Board of Directors. At each annual meeting there shall be elected a Board of Directors in accordance with the requirements of Section 4.5 of these Bylaws. At the first meeting, the Directors shall be elected to serve until the second annual meeting, and at the second annual meeting, Directors shall be elected for a term of one (1) year beginning with the second annual meeting and shall serve until replaced.

3.4 Special Meetings. It shall be the duty of the President to call a special meeting of the Members, as directed

by resolution of the Board of Directors, or upon a petition signed by a majority of Members and having been presented to the Secretary. The notice of all special meetings shall be given as set out in Section 3.5. No business shall be transacted at a special meeting except as stated in the notice.

3.5 Notice of Meetings. It shall be the duty of the Secretary to send a notice of each annual or special meeting by mail or telegram, stating the nature of the business to be undertaken as well as the day, hour and place where it is to be held, to each Member of record, at least ten (10) but not more than thirty (30) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, after said notice has been deposited in a regular depository of the United States mail. If no address has been furnished the Secretary, notice shall be deemed to have been given to a Member if posted in a conspicuous place on the Local Common Area.

3.6 Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the same as provided in Section 3.3 of this Article. Such adjournment meetings may be held without notice thereof as

provided in this Article III, except that notices shall be given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting.

3.7 Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (3) reading of Minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election, if an election is to be held; (g) election of Directors, if an election is to be held; (h) Unfinished business; and (i) new business. Meetings of Members shall be conducted by the officers of the Heron Cove Association, in order of their priority.

3.8 Action Without Meeting. Any action, which under the provisions of the Idaho Nonprofit Corporation Act may be taken at a meeting of the Members, may be taken without a meeting if authorized in writing signed by all of the members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

3.9 Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in

person or by proxy and if either before or after the meeting each of the Members not present in person or by proxy signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

3.10 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

BOARD OF DIRECTORS

4.1 Number and Qualification. The property, business and affairs of the Heron Cove Association shall be governed and managed by a Board of Directors composed of three (3) persons, who need not be Members of the Heron Cove Association. Directors shall not receive any stated salary for their services as Directors; provided, however, that nothing herein contained shall be construed to preclude any Director from serving the Heron Cove Association in some other capacity and receiving compensation therefor.

4.2 Powers and Duties. The Board of Directors has the powers and duties necessary for the administration of the

affairs of the Heron Cove Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Owners. Provided, however, that prior to the first annual meeting of the Members of the Heron Cove Association, the Board of Directors shall not enter into any Management Agreement for a term in excess of one (1) year without the approval of a majority of Members, unless such agreement contains reasonable provisions for cancellation (such as upon sixty (60) days written notice by the Heron Cove Association following one (1) year from the date of commencement of such contract).

4.3 Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as set forth in the Heron Cove Supplement, the board of Directors is vested with, and responsible for, the following powers and duties:

4.3.1 To select, appoint and remove all officers, agents, and employees of the Heron Cove Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles, the Heron Cove Supplement and these Bylaws; to fix their compensation and to require them from security for faithful service when deemed advisable by the Board.

4.3.2 To conduct, manage and control the affairs and business of the Heron Cove Association, and to make and enforce such rules and regulations therefor consistent with

law, with the Articles, the Heron Cove Supplement and these By-Laws, as the Board may deem necessary or advisable.

4.3.3 To change the principal office for the transaction of the business of the Heron Cove Association from one location to another within the County of Ada, State of Idaho, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Article III, Section 2 hereof; and to adopt and use corporate seal and to alter the form of such seal from time to time as the Board in its sole judgment may deem best, provided that such seal shall at all times comply with the provisions of law.

4.3.4 To borrow money and to incur indebtedness for the purposes of the Heron Cove Association, and to cause to be executed and delivered therefor, in the Heron Cove Association's name, promissory notes, bonds, debentures or other evidences of debt; subject, however, to the limitations set forth in the Articles and the Heron Cove Supplement.

4.3.5 To fix and levy from time to time Local Regular Assessments, Local Special Assessments and Local Limited Assessments upon the Owners, as provided in the Heron Cove Supplement; to determine and fix the due date for the payment of such Assessments, and the date upon which the same shall become delinquent. The funds collected by the

Board of Directors from the Owners, attributable for replacement reserves, for maintenance, recurring less frequently than annually, and for capital improvements, shall at all times be held in trust for the Owners and shall not be commingled with other Local Assessments collected from the Owners. Such Local Regular Assessments, Local Special Assessments and Local Limited Assessments shall be fixed in accordance with the provisions of the Heron Cove Supplement. Should any Owner fail to pay such Local Assessments before delinquency, the Board of Directors in its discretion, is authorized to enforce the payment of such delinquent Local Assessments as provided in the Heron Cove Supplement. An Owner may request a Statement of Account as provided in the Heron Cove Supplement.

4.3.6 To enforce the provisions of the Heron Cove Supplement covering the Project, these Bylaws or other agreements of the Heron Cove Association.

4.3.7 To contract for and pay for, casualty, blanket liability, malicious mischief, vandalism and other insurance, insuring the Owners, the Heron Cove Association, the Board of Directors and other interested parties, in accordance with the provisions of the Heron Cove Supplement, covering and protecting against such damages or injuries as the Board deems advisable, which may include without limitation, medical expenses of persons injured on

the Project, and to bond the agents and employees of any management body, if deemed advisable by the Board.

4.3.8 To operate maintain and otherwise manage or provide for the operation maintenance and management of the Local Common Area and to contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the same and to employ personnel necessary for the operation of the same, including legal and accounting services, and to contract for the pay for improvements and any recreational facilities on the same.

4.3.9 To delegate its powers according to the Heron Cove Supplement.

4.3.10 To grant easements where necessary for utilities and sewer facilities and for other purposes as provided in the Heron Cove Supplement.

4.3.11 To adopt, amend, and repeal by majority vote of the Board, rules and regulations as to the Heron Cove Association deemed reasonable and necessary.

4.4 Management Agent. The Board of Directors may employ for the Heron Cove Association a Management Firm at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 4.3.

4.5 Election and Term of Office. At the first annual meeting of the Heron Cove Association, and thereafter at each annual meeting of the Members and new Directors shall be elected

by a majority of Members as provided in these By-Laws. In the event that an annual meeting is not held, or the Directors are not elected thereat, the Directors may be elected at any special meeting of the Members held for that purpose. The term of office shall be one year but each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Any person serving as a Director may be reelected, and there shall be no limitation on the number of terms during which he may serve.

4.6 Books. The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Heron Cove Association in a manner consistent with generally accepted accounting principles. An annual operating statement reflecting income and expenditures of the Association shall be distributed to each Member within ninety (90) days after the end of each fiscal year.

4.7 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Heron Cove Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Members of the Heron Cove Association, or at a special meeting of the Members called for that purpose. A vacancy or vacancies shall be deemed to exist

in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in the case the Members fail to elect the full number of authorized Directors at any meeting at which such election is to take place.

4.8 Removal of Directors. At any regular or special meeting of the Members duly called, any one or more of the Directors may be removed with or without cause by a majority of Members of each class and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If any or all of the Directors are so removed, new Directors may be elected at the same meeting.

4.9 Organization Meeting. The first regular meeting of the Board of Directors shall be held within ten (10) days of the receipt of a Certificate of Incorporation, at such place as shall be fixed by the Directors, for the purpose of organization, election of officers and the transaction of other business. No notice to the Directors shall be necessary in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

4.10 Other Regular Meetings. Other regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a resolution adopted 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 of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting, unless the time and place of such meetings is announced at the Organization Meeting, in which case such notice of other regular meetings shall not be required.

4.11 Special Meetings. Special meetings of the Board of Directors may be called by the President, or, if he is absent or refuses to act, by the Vice President, or by any two (2) Directors. At least two (2) days' notice shall be given to each Director, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Heron Cove Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Director, as required by law and as provided herein.

4.12 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the

giving of such notice. Attendance by a Director at any meeting of the board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting each of the Directors not present signs such a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Heron Cove Association or made a part of the minutes of the meeting.

4.13 Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board of Directors, 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 of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.14 Action Without Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

4.15 Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Heron Cove Association, including a Management Firm, handling or responsible for Heron Cove Association funds shall furnish fidelity bonds as provided for in the Heron Cove Supplement and River Run Declaration. The premium on such bonds shall be paid by the Heron Cove Association.

4.16 Committees. The Board of Directors, by resolution, may from time to time designate such committees as it shall desire, and may establish the purpose and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purpose of the committee, and shall provide for reports, termination, and other administration matters as deemed appropriate by the Board.

ARTICLE V

OFFICERS

5.1 Designation. The principal officers of the Heron Cove Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an

Assistant Treasurer and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be Directors. One person may hold two or more offices, except that no person may simultaneously hold the offices of President and Secretary.

5.2 Election of Officers. The officers of the Heron Cove Association shall be elected annually by the Board of Directors at the Organizational Meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

5.3 Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Directors any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Heron Cove Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

5.4 Compensation. Officers, agents, and employees shall receive such reasonable compensation for their services as may

be authorized or ratified by the Board. Appointment of any officer, agent or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent or employee, provided that no officer, employee or Director or Grantor or any affiliate of Grantor may receive any compensation.

5.5 President. The President shall be the chief executive officer of the Heron Cove Association. He shall preside at all meetings of the Heron Cove Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a nonprofit corporation, including but not limited to the power, to appoint committees from among the Members and Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Heron Cove Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Heron Cove Association. The President shall be ex officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors of these By-Laws of the Heron Cove Association.

5.6 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled or unable to act. If neither the President nor the Vice President is able to act, the

Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these By-Laws of the Heron Cove Association.

5.7 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Heron Cove Association at the principal office of the Heron Cove Association or such other place as the Board of Directors may order. The Secretary shall keep the seal of the Heron Cove Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Heron Cove Association and of the Board of Directors required by these By-Laws or by law to be given. The Secretary shall maintain a book of record Owners, listing the names and addresses of the Owners as furnished the Heron Cove Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Condominium is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

5.8 Treasurer. The Treasurer shall have responsibility for Heron Cove Association funds and securities and shall be

responsible for keeping, or causing to be kept, full and accurate accounts of the property owned by the Heron Cove Association, tax records and business transactions of the Heron Cove Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Heron Cove Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Heron Cove Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Heron Cove Association as may be ordered by the Board of Directors in accordance with the Heron Cove Supplement, shall render to the President and Directors upon request, an account of all of his transactions as Treasurer and of the financial condition of the Heron Cove Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

ARTICLE VI

OBLIGATIONS OF OWNERS

6.1 Assessments.

6.1.1 All Members are obligated to pay, in accordance with the provisions of the River Run Declaration and the Heron Cove Supplement all Assessments and Local Assessments imposed by the Heron Cove Association against such Members, to meet all expenses of the Heron Cove Association, and all Assessments imposed by the River Run Homeowners

Association, Inc., at the rate described in the Heron Cove Supplement.

6.1.2 All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the River Run Declaration and the Heron Cove Supplement, or the Phase 6 Declaration, depending on the origin of the delinquency.

6.2 Maintenance and Repair.

6.2.1 Every Owner of a Unit must perform promptly all maintenance and repair work on the interior of Units as required under the provisions of the Heron Cove Supplement.

6.2.2 As further provided in the Heron Cove Supplement, each Owner shall reimburse the Heron Cove Association for any expenditures incurred in (a) repairing or replacing any portion of the Project which are damaged through the fault of the Owner, (b) taking corrective action necessitated by Owner and (c) for repairing, replacing and/or maintaining the Owner's Unit which has fallen into disrepair and which the Heron Cove Association has repaired, replaced or maintained pursuant to the Heron Cove Supplement. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these Bylaws or the Heron Cove Supplement.

This Article VI shall not limit an Owner's obligation as otherwise provided in the Heron Cove Supplement.

ARTICLE VII

AMENDMENTS TO BYLAWS

The power to alter, amend, repeal or change these Bylaws is vested in the Board of Directors, subject to repeal or change by a majority vote of each class of members entitled to vote.

ARTICLE VIII

MEANING OF TERMS

Except as provided herein, all terms appearing herein initially capitalized shall have the same meanings as are applied to such terms as the Heron Cove Supplement, which terms include without limitation: "Grantor," "Owner," "Board," "Articles," "Members," "Assessments," "Heron Cove Subdivision," "Local Common Area," "Limited Common Area," "Condominium," "Unit," "Building" and "Project".

ARTICLE IX

CONFLICTING PROVISIONS

In case any of these Bylaws conflict with any provisions of the laws of the State of Idaho, such conflicting Bylaws shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect. In case of any conflict between the Articles of Incorporation and these Bylaws, the Article shall control; and in the case of any conflict between the River Run Declaration and/or the Heron Cove Supplement and these Bylaws, the River Run Declaration and/or Heron Cove Supplement shall control.

ARTICLE X

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Board of Directors, with the written approval of a majority of Members, may authorize the Heron Cove Association to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, a present or former director, officer, or employee of the Heron Cove Association in an action brought by a third party against such person, whether or not the Heron Cove Association is joined as a party defendant, to impose a liability or penalty on such person for an act alleged to have been committed by such person while a director, officer, or employee; provided, the Board of Directors determines in good faith that such director, officer or employee was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interest of the Heron Cove Association or its members. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Section shall apply to the estate, executor, administrator, heirs, legatees, or devisees of a director, officer or employee, and the term "person" where used in the foregoing Section shall include the estate, executor, administrator, heirs, legatees, or devisees of such person.

ARTICLE XIMISCELLANEOUS

11.1 Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Heron Cove Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

11.2 Execution of Documents. The Board of Directors, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Heron Cove Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Heron Cove Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

11.3 Inspection of Bylaws. The Heron Cove Association shall keep in its office for the transaction of business the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times during office hours.

11.4 Fiscal Year. The fiscal year of the Heron Cove Association shall be determined by the Board of Directors, and

having been so determined, is subject to change from time to time as the Board of Directors shall determine.

11.5 Membership Book. The Heron Cove Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member and all Mortgages. Termination or transfer of ownership of any Condominium by an Owner shall be recorded in the book, together with the date on which such ownership was transferred, and the new Owner shall be incorporated into the book in accordance with the provisions of the Heron Cove Supplement and the Articles of Incorporation.

11.6 Other Rules. Procedural matters not addressed herein shall be conducted pursuant to Roberts Rules of Order.


CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of HERON COVE HOMEOWNERS ASSOCIATION, INC., an Idaho non-profit corporation; and

2. The foregoing Bylaws comprising of 25 pages, including this page, constitute the Bylaws of the Heron Cove Homeowners Association, Inc., and the same were duly adopted by the Board of Directors pursuant to that "Consent of Directors of the Heron Cove Homeowners Association, Inc., in Lieu of Meeting" dated the 6th day of April, 1988.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Corporation this 6 day of April, 1988.


Secretary, Heron Cove Homeowners
Association, Inc.

(SEAL)