

**BYLAWS
OF
WELLING SUBDIVISION HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
OFFICES**

The Welling Subdivision Homeowners Association, Inc. (the "Association") may have such other offices, within or without the State of Idaho, as the Board may designate or as the business of the Association may require from time to time.

**ARTICLE II
DEFINITIONS**

Except as otherwise provided herein or as otherwise required by the context, all terms defined in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Welling Subdivision, dated _____, 2007, and recorded in the office of the County Recorder of Fremont County, Idaho on _____, 2007, as Entry No. _____ ("Declaration"), shall have such defined meanings when used in these Bylaws.

**ARTICLE III
MEMBERS**

Section 1. Annual Meetings. Each Owner of a Lot shall be a member of the Association as set forth in the Articles of Incorporation and the Declaration. The annual meeting of members of the Association shall be held at the time, date and place set forth in a resolution by the Board, beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing directors and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for the annual meeting of the members, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be

convenient. The Board may from time to time by resolution change the date and time for the annual meeting of the members.

Section 2. Special Meetings. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called from time to time by the Board or by the president, and shall be immediately called by the president upon the written request of members holding not less than ten percent (10%) of the total votes of the Association, such written request to state the purpose or purposes of the meeting and to be delivered to the Board or the president. In case of failure to call such meeting within thirty (30) days after such request, such members may call the same in accordance with Idaho Nonprofit Corporation Act (“Act”), Idaho Code Ann. § 30-3-47.

Section 3. Place of Meetings. The Board may designate any place in Fremont County in the State of Idaho, as the place of meeting for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all of the members may designate any place, within the State of Idaho, as the place for holding such meeting.

Section 4. Notice of Meetings. The Board shall cause written or printed notice of the place, date, time and purpose of all meetings of the members, whether annual or special, to be delivered, not more than sixty (60) nor less than twenty (20) days prior to the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. mail addressed to the member at his registered address, with first class postage thereon prepaid. Each member shall register with the Association such member’s current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If

no address is registered with the Association, the member's Lot address shall be deemed to be such member's registered address for purposes of notice hereunder.

Section 5. Fixing of Record Date. Upon purchasing a Lot in the Welling Subdivision, each member shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Lot has been vested in such member, which copy shall be maintained in the records of the Association. For the purpose of determining members entitled to notice of or to vote at any meeting of the members, or any adjournment thereof, the Board may designate a record date, which shall not be more than sixty (60) nor less than ten (10) days prior to the meeting. If no record date is designated, the date on which the Board adopts a resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later, shall be deemed to be the record date for determining members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the members of record of Lots in the Welling Subdivision shall be deemed to be the members of record entitled to notice of and to vote at the meeting of the members and any adjournments thereof.

Section 6. Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to cast, or mailed written ballots or absentee ballots, compiling at least ten percent (10%) of the total votes of the Association shall constitute a quorum for the transaction of business.

Section 7. Proxies. At each meeting of the members, each member entitled to vote shall be entitled to vote in person or by proxy, or by written ballot; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the member himself or by his attorney thereunto duly authorized in writing. If

ownership of a Lot is jointly held, the instrument authorizing a proxy to act must have been executed by all owners of such Lot or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered in compliance with § 30-3-58 of the Act prior the beginning of the meeting to the secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

Section 8. Votes. With respect to each matter, other than the election of directors, submitted to a vote of the members, each member entitled to vote at the meeting shall have the right to cast, in person or by proxy or by ballot, the number of votes appertaining to the Lot of such member, as shown in the Declaration. The affirmative vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting or by written ballot at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the members, unless a greater proportion is required by the Articles of Incorporation, these Bylaws, the Declaration, or Idaho law.

Section 9. Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting, form of proxies, and method of ascertaining members present shall be deemed waived if no objection thereto is made at the meeting.

Section 10. Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by at least eighty (80) percent of the members holding the voting power.

Section 11. Meetings by Telecommunication; Action by Written Ballot. Notwithstanding any provision in these Bylaws to the contrary, any or all of the members may

participate in any annual or special meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A member participating in a meeting by a means permitted in the foregoing sentence is considered to be present in person at the meeting. Notwithstanding any provision in these Bylaws to the contrary, any action that may be taken at any annual or special meeting of members may be taken by written ballot in accordance with § 30-3-53 of the Act.

ARTICLE IV BOARD OF DIRECTORS

Section 1. General Powers. The property, affairs, and business of the Association shall be managed by the Board. The Board may exercise all of the powers of the Association, whether derived from law, the Articles of Incorporation, these Bylaws, or the Declaration, except those powers which are by law or by the foregoing documents vested solely in the members. The Board shall, among other things, prepare or cause to be prepared, plan and adopt an estimated annual budget for the estimated annual expenses, provide the manner of assessing and collecting assessments, and keep or cause to be kept sufficient books and records with a detailed account of the receipts and expenditures affecting the Welling Subdivision and the Association and its administration, and specifying the maintenance and repair expenses of the Association Areas. The books and records shall be available for examination by all members at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures. The Board may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions, and powers as are properly delegable.

Section 2. Initial Board of Directors. The initial Board shall be composed of five (5) directors. The directors specified in the Articles of Incorporation shall serve until the first

meeting of the members held after the members obtain the responsibility for electing directors, and until their successors are duly elected and qualified. Directors elected by the members are required to be members of the Association.

Section 3. Permanent Board of Directors. After the first meeting of the members, the Board shall be composed of not less than three (3) directors nor more than five (5) members as determined by the majority vote of the existing Board or the majority vote of the members at a duly called meeting of the members. Each director shall be elected by a majority vote of the members at a duly called meeting of the members.

Section 4. Regular Meetings. The regular annual meeting of the Board shall be held without other notice than as set forth in this Section at the same place as the annual meeting of the members. The Board may provide by resolution the time and place, within the State of Idaho, for the holding of additional regular meetings without other notice than such resolution.

Section 5. Special Meetings. Special meetings of the Board may be called by or at the request of any of the directors. The person or persons authorized to call special meetings of the Board may fix any place, within the State of Idaho, as the place for holding any special meeting of the Board called by such person or persons. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally, or mailed to each director at such director's registered address, or by e-mail, facsimile or telegram. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. mail so addressed, with first class postage thereon prepaid. If notice is given by e-mail, facsimile or telegram, such notice shall be deemed to have been delivered when the e-mail, facsimile or telegram is received by the recipient. Any director may waive notice of a meeting in accordance with § 30.3.77 of the Act. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting,

except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. Quorum and Manner of Acting. A majority of the then authorized number of directors shall constitute a quorum for the transaction of business at any meeting of the Board. Except as otherwise required in these Bylaws, the Articles of Incorporation, or the Declaration, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board. The directors shall act only as a board, and individual directors shall have no powers as such.

Section 7. Compensation. No director shall receive compensation for any services that he may render to the Association as a director; provided, however, that a director may be reimbursed for expenses incurred in performance of his duties as a director to the extent such expenses are approved by the Board and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as a director.

Section 8. Resignation and Removal. A director may resign at any time by delivering a written resignation to either the president, secretary, or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any director elected by the members or elected by the Board to fill a vacancy in the Board may be removed at any time, for or without cause, by the affirmative vote of a majority the members at a duly called meeting of the members, at a special meeting of the members duly called for such purpose. Any director elected by the Board may be removed at any time, for or without cause, by the affirmative vote of a two-thirds of the directors then in office.

Section 9. Vacancies. If vacancies shall occur in the Board by reason of the death, resignation, or disqualification of a director, or if the authorized number of directors shall be

increased, the directors then in office shall continue to act, and such vacancies or newly created directorships shall be filled by a vote of the directors then in office, though less than a quorum, in any way approved by such directors. Any vacancy in the Board occurring by reason of removal of a director by the members may be filled by election at the meeting at which such director is removed. Any director elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created directorship, as the case may be.

Section 10. Informal Action by Directors. Any action that is required or permitted to be taken at a meeting of the Board, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors immediately before such meeting.

ARTICLE V OFFICERS

Section 1. Officers. The officers of the Association shall be a president, a treasurer and a secretary, and such other officers as may from time to time be appointed by the Board. The Board officers may delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions, and powers as are properly delegable.

Section 2. Election, Tenure, and Qualifications. The officers of the Association shall be chosen by the Board annually at the regular annual meeting of the Board. In the event of failure to choose officers at such regular annual meeting of the Board, officers may be chosen at any regular or special meeting of the Board. Each such officer (whether chosen at a regular annual meeting of the Board or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board and until his successor shall have been chosen and qualified, or until his death, or until his resignation, disqualification, or removal in the manner provided in these Bylaws, whichever first occurs. Any one person may hold any two or more of such offices;

provided, however, that the president may not also be the secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office.

Section 3. Subordinate Officers. The Board may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority, and perform such duties as the Board may from time to time determine. The Board may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities, and duties. Subordinate officers need not be directors or members of the Association.

Section 4. Removal. Any officer may resign at any time by delivering a written resignation to the president or to the Board. Any officer or agent may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5. Vacancies. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board at any regular or special meeting.

Section 6. President. The president shall be the principal executive officer of the Association and, subject to the control of the Board, shall in general supervise and control all of the business and affairs of the Association. The president shall, when present, preside at all meetings of the members and of the Board. The president may sign, or any other proper officer of the Association thereunto authorized by the Board, any deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where the

signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board from time to time.

Section 7. Secretary. The secretary shall (a) keep the minutes of the Association and of the Board in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records of the Association; and (d) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to the secretary by the president or by the Board, including, without limitation presiding at meetings of the members and of the Board in the absence of the president.

Section 8. Treasurer. The treasurer, if appointed, shall: (a) have charge and custody of and be responsible for all funds of the Association; (b) receive and give receipt for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be determined by the Board; and (c) in general perform all of the duties incident to the office of the treasurer and such other duties as from time to time may be assigned to the treasurer by the president or by the Board, including, without limitation presiding at meetings of the members and of the Board in the absence of the president..

Section 9. Assistant Secretaries and Assistant Treasurers. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president or the Board.

Section 10. Compensation. No officer shall receive compensation for any services that such officer may render to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of his/her duties as an officer to the extent such expenses are approved by the Board and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his/her capacity as an officer.

ARTICLE VI COMMITTEES

Section 1. Designation of Committees. The Board may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that a committee member may be reimbursed for expenses incurred in performance of his/her duties as a committee member to the extent that such expenses are approved by the Board and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his/her capacity as a committee member.

Section 2. Proceedings of Committees. Each committee designated hereunder by the Board may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board.

Section 3. Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two members) shall

constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board hereunder shall act only as a committee, and the individual members thereof shall have no powers as such.

Section 4. Resignation and Removal. Any member of any committee designated hereunder by the Board may resign at any time by delivering a written resignation to the president, the Board, or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board may at any time, for or without cause, remove any member of any committee.

Section 5. Vacancies. If any vacancy shall occur in any committee designated by the Board hereunder, due to disqualification, death, resignation, removal, or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board.

ARTICLE VII INDEMNIFICATION

Section 1. Indemnification--Third-Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director or officer of the Association, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such director or officer in connection with such action, suit, or proceeding, if such director or officer acted in good faith and in a manner such director or officer reasonably believed to be in or not opposed to the best

interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit, or proceeding by an adverse judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association or with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

Section 2. Indemnification--Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association by reason of the fact that he/she is or was a director or officer of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. Determination. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 or 2 of Article VII hereof, or in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in

connection therewith. Any other indemnification under Sections 1 or 2 of Article VII hereof shall be made by the Association only upon a determination that indemnification of the person is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Sections 1 or 2 hereof. Such determination shall be made in accordance with § 30.8.88 of the Act.

Section 4. Advances. Expenses incurred in defending a civil or criminal action, suit, or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon a majority vote of a quorum of the Board and upon receipt of a certification from the person seeking such advance that such person meets the standards for indemnification and receipt of an undertaking by or on behalf of the person to repay such amount or amounts unless it ultimately be determined that such person is entitled to be indemnified by the Association as authorized by this article or otherwise.

Section 5. Scope of Indemnification. The indemnification provided for by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Declaration, the Articles of Incorporation, Bylaws, agreements, vote of disinterested members or directors, or otherwise, both as to action in the person's official capacity and as to action in another capacity while holding such office. The indemnification authorized by this article shall apply to all present and future directors and officers of the Association and shall continue as to such persons who cease to be directors, officers, employees, or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

Section 6. Insurance. The Association may purchase and maintain insurance on behalf of any person who was or is a director, officer, employee, or agent of the Association, or who was or is serving at the request of the Association as a director, director, officer, employee, or agent of another corporation, entity, or enterprise (whether for profit or not for profit), against any liability asserted against such person or incurred by such person in any such capacity or arising out of his/her status as such, whether or not the Association would have the power to indemnify him against such liability under the laws of the State of Idaho, as the same may hereafter be amended or modified.

Section 7. Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this article shall constitute expenses of the Association and shall be paid with funds from the Association Expense Fund.

ARTICLE VIII FISCAL YEAR

This fiscal year of the Association shall begin on the 1st day of January of each year and shall end on the 31st day of December next following; provided, however, that the first fiscal year shall begin on the date of incorporation.

ARTICLE IX RULES AND REGULATIONS

The Board may from time to time adopt, amend, repeal, and enforce reasonable rules and regulations governing the use and operation of the Welling Subdivision; provided, however, that such rules and regulations shall not be inconsistent with the rights and duties set forth in the Declaration, Articles of Incorporation, the Declaration, or these Bylaws. Within thirty (30) days of adoption, the members shall be provided with copies of all rules and regulations adopted by the Board, and with copies of all amendments and revisions thereof.

**ARTICLE X
AMENDMENTS**

Except as otherwise provided by law, the Articles of Incorporation, the Declaration, or these Bylaws, these Bylaws may be amended, modified, or repealed and new bylaws may be made and adopted by: (i) the members upon the affirmative vote of more than fifty percent (50%) of the total votes of the Association; or (ii) the Board upon the affirmative vote of more than fifty percent (50%) of the directors of the Board until such time as permanent directors are elected pursuant to Section 3 of these Bylaws; provided, however, that such action shall not be effective unless and until a written instrument setting forth (a) the amended, modified, repealed, or new bylaw, (b) the number of votes cast in favor of such action, and (c) the total votes of the Association, shall have been executed and verified by the current president of the Association and mailed to each member of the Association.

Adopted this ____ day of ____, 2007.

By: _____

Print Name: _____

Title: _____