

BY-LAWS
OF
SMILEY CREEK WATER USERS ASSOCIATION, INC.

ARTICLE I

NAME, LOCATION, SEAL, BUSINESS

Section 1. NAME: The name of this corporation shall be SMILEY CREEK WATER USERS ASSOCIATION, INC.

Section 2. LOCATION: The principle office of this corporation shall be Sawtooth City, Idaho, mailing address, HC64 P. O. Box 9108, Ketchum, Idaho, 83340.

Section 3. SEAL: This corporation shall have a corporate seal which shall be a circular metallic seal containing within the inner circle of the impression the words "Corporate Seal" and between the outside and inside circles of the impression the following words: "SMILEY CREEK WATER USERS ASSOCIATION, INC. – IDAHO".

Section 4. BUSINESS: This corporation shall engage in the business as set forth in the Articles of Incorporation and have all the powers as prescribed therein.

ARTICLE II

STOCK

The authorized capital stock of this corporation shall be One Hundred (100) shares, which said stock shall be issued on the basis of one (1) share of stock for every lot or parcel of land to which water is to be delivered by the distribution

system of this corporation.

ARTICLE III

MEMBERS

Section 1. DEFINITIONS: For purposes of the by-laws of the Smiley Creek Water Users Association, Inc., the terms "member" and "stockholder" or "shareholder" are to be construed interchangeably and the use of these terms interchangeably shall not affect the rights, duties, or obligations of any person affected thereby.

Section 2. CLASSES OF MEMBERS: The members of the corporation shall be divided into one class as follows: only such persons, groups of persons, organizations or corporations who own property in the immediate vicinity of the water system and to which property the corporation is connected to the user's water system for delivery of water for domestic purposes under the distribution system of the corporation are entitled to membership. Property ownership shall be defined by the Blaine County, Idaho, public records.

Section 3. VOTING RIGHTS: Each stockholder in good standing shall be entitled to one vote per share owned on each matter submitted to a vote of the members or as otherwise provided in these by-laws.

Section 4. TERMINATION OF MEMBERSHIP: The board of directors, by a unanimous vote of the members of the board, may suspend or expel a shareholder for cause including, but not limited to, conduct disruptive or destructive to the

functioning or operation of the corporation, after a written opinion affirmed to by a majority of a three member special committee of shareholders has been submitted recommending such expulsion. The committee shall be appointed by the board of directors but shall not include any current board of directors members. The committee shall provide the shareholder in question written notice of potential termination and the reason for such termination at least fifteen (15) days prior to its vote on the matter. The shareholder shall be allowed to address the matter before the committee in writing or orally at least five (5) days prior to the vote. The Idaho Non-Profit Corporation Act, Idaho Code §30-3-42 shall govern.

A terminated shareholder shall have its connection to the Association's water system removed. Its shares and voting rights shall be revoked and no further fees shall be charged.

Section 5. RESIGNATION: Any stockholder may resign by filing a written resignation with the secretary, but such resignation shall not relieve the member so resigning of the obligation to pay any dues, assessments, or other charges theretofore accrued and unpaid.

Section 6. REINSTATEMENT: On written request signed by a former member and filed with the secretary, the board of directors, by the affirmative vote of two-thirds (2/3) of the members of the board, may reinstate such former member to membership on such terms as the board of directors may deem appropriate.

Section 7. TRANSFER OF MEMBERSHIP: Membership or

stock in this corporation is not transferable or assignable except as provided for by these by-laws or Articles.

ARTICLE IV

MEETINGS OF MEMBERS/STOCKHOLDERS

Section 1. ANNUAL MEETING: The annual meeting of the stockholders shall be held at on the 3rd Saturday of August for the purpose of electing directors and for the transaction of such other business as may come before the meeting. The board of directors shall present a proposed budget for approval by vote of the shareholders. If the election of directors is not held on the day designated herein for any annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as is convenient.

Section 2. SPECIAL MEETING: Special meetings of the members may be called by the board of directors or the holders of not less than one-fifth (1/5) of all the shares entitled to vote at the meeting, and may be held anywhere within or without the State of Idaho.

Section 3. NOTICE OF MEETINGS: Written or electronic notice stating the place, day, and hour of any meeting, and in the case of a special meeting, the purpose or purposes for which meeting is called, shall be delivered either personally, by mail, or electronically to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of

the president, or the secretary, or the officers or persons calling the meeting. The notice of a meeting shall be deemed to be delivered when deposited in the United States mail with proper prepaid postage or when electronically sent and addressed to the member at his address as it appears on the records of the corporation.

Section 4. FIXING OF RECORD DATE: For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty {50} days and, in case of a meeting of shareholders, not less than ten {10} days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, the date on which notice of a meeting is mailed or electronically sent shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 5. INFORMAL ACTION BY SHAREHOLDERS: Any action required by law to be taken at a meeting of the

Shareholders, or any action that may be taken at a meeting of Shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, is sent to all shareholders and signed by 80% of the members entitled to vote with respect to the subject matter thereof.

Section 6. QUORUM: A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. The shareholders present at a duly organized and convened meeting where a quorum has been present can continue to do business as a quorum until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on a the subject matter shall be the act of the shareholders.

If a quorum is not present at a meeting of shareholders, the attendees shall as convene as a committee to consider water board association issues and enact a ballot of items that require a vote of shareholders. This ballot shall be forwarded to all shareholders for a vote, which shall be tallied and recorded in the minutes of the shareholders meeting. The number of shareholders responding to the ballot request on a timely basis shall constitute a quorum.

Section 7. VOTES: Each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders. There shall exist no right of a shareholder to cumulate his votes.

Section 8. PROXIES: At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

A proxy form shall be included with any announcement of a shareholders' meeting. The proxy form shall allow the shareholder to: 1) Designate a specific person to act as proxy; 2) Cast votes on any agenda items and director elections; or, 3) Be counted as present but not voting.

Section 9. PROCEDURAL RULES FOR SHAREHOLDERS MEETINGS: Robert's Rules of Order, current edition, shall govern for all shareholders meetings in all questions where they are applicable, and in which they are not inconsistent with the by-laws of the Association.

ARTICLE V

ANNUAL BUDGET

Section 1. BUDGET: The Board of Directors shall prepare a fiscal year budget for the review and approval of members at the annual meeting. The budget, which is an annual spending plan, shall include anticipated revenues and expenditures. The budget proposal shall be available to members at least fifteen (15) days before the annual meeting.

Section 2. REVENUES: Any proposed member fee increases for the year shall be included in the proposed budget.

Section 3. EXPENDITURES: Proposed expenditures shall be grouped in categories specified by the Board of Directors. The Board is authorized to expend funds within the categories and may transfer funds between categories by board resolution.

Section 4. REPORTS: The Board of Directors shall file quarterly reports by mail, electronically, or published on the internet. An annual budget and expenditure status report will be included in the budget package for the subsequent year's proposed budget.

Section 5. APPROVAL: The budget shall be approved pursuant to Article IV Section 6 of the by-laws. The Board of Directors may expend funds for up to 45 days pending member shareholder approval of the budget.

Section 6. BUDGET AUGMENTATIONS: The Board of Directors may call a special meeting of members pursuant to Article IV Section 2 to request augmentations or revisions of the budget.

Section 7. EMERGENCY SITUATIONS: In the event of an emergency situation that necessitates supplementary funding, the Board of Directors, by resolution, may secure funds pursuant to Article VII Section 7 of the by-laws in advance of calling a special meeting of the members pursuant to Article IV Section 2 of the by-laws.

Section 8. EXPENDITURE CAP: Any expenditure that exceeds \$10,000 must be approved by vote of the shareholders.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. BOARD: The corporate powers, business and property of the corporation shall be exercised, conducted and controlled by a board of directors of three (3) members.

Section 2. ELECTIONS AND TENURE OF OFFICE: The directors shall be elected annually at the membership meeting for a three (3) year term. Directors shall be so elected that one director's term expires each year. Directors may serve successive terms at the pleasure of the shareholders.

Section 3. RECALL OF DIRECTORS: A petition to recall a director endorsed by the signatures of shareholders owning at least 1/3rd of the outstanding shares may be filed with the board. The petition shall specify the reasons for the recall. The board shall schedule an election of the membership within 30 days of the filing. The election may be by mail, electronic means, or a combination thereof. The director shall be recalled on an affirmative vote of 2/3rd of the membership and shall be effective upon the secretary's filing notice by mail, electronically, or publication on the internet. A replacement shall be selected pursuant to Article VII Section 4 of these by-laws.

Section 4. VACANCIES: When a vacancy on the board of directors occurs other than by expiration of term, the remaining member(s) of the board by a majority vote shall fill the vacancy, and such new director shall hold office until the election of his successor by the stockholders and his successor has qualified.

Section 5. REGULAR MEETINGS: A regular meeting of

the board of directors shall be held immediately after the Annual Shareholder Meeting, without notice, to elect officers and conduct other business as required. If such an immediate meeting is not practical, a special meeting shall be conducted as soon as practical with notice given as addressed in Section 7, below.

The board of directors may provide, by majority agreement, the time and place either within or without the State of Idaho, for holding additional regular meetings. Notice of regular meetings including agenda items shall be given to all shareholders by mail, electronically, or internet publication at the board's discretion. Shareholders may attend but not directly participate in regular meetings. Regular board meetings can be conducted by teleconference at the board's discretion.

Section 6. SPECIAL MEETINGS: A special meeting of the board of directors shall be held whenever called by the president or by a majority of the directors. Any and all business may be transacted at a special meeting. Each call for special meeting shall be made in writing, signed by the person or persons making same, addressed and delivered to the secretary and shall state the time, date, place and purpose of such meeting.

Section 7. QUORUM: A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board.

Section 8. BOARD DECISIONS: The act of a majority of

the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

Section 9. ACTIONS BY DIRECTORS WITHOUT A MEETING:

Any action required to be taken at a meeting of the directors of the corporation, or any action which may be taken at a meeting of the directors or of a committee, may be taken without a meeting pursuant to a consent in writing, which sets forth the action so taken, signed by all of the directors. Such consent shall have the same effect as a unanimous vote. These actions may be performed by electronic means.

Section 10. COMPENSATION: Directors as such shall not receive any stated salaries in any form for their services, but by resolution of the board of directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at any regular or special meeting, and shall be entitled to such actual expenses as may be incurred and paid by them on behalf of the corporation. In the event the board of directors shall appoint and employ a manager or other administrative officers, the board shall fix the compensation to be paid to such employees. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 11. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS: Each director, officer, employee or agent now or hereafter serving as such, shall be indemnified by the corporation in any pending or completed action, suit or proceeding, whether civil, criminal, administrative, or

investigative by reason of the fact that he/she is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

The amount paid to any officer or director by a way of indemnification shall not exceed his actual, reasonable and necessary expenses incurred in connection with the matter involved, and such additional amount as may be fixed by a committee of not less than three (3) nor more than five (5) persons selected by the board of directors, who shall be stockholders of the corporation. Any determinations so made shall be prima facie evidence of the reasonableness of the amount fixed or binding on the indemnified officer or director.

The right of indemnification hereinafter provided for shall not be exclusive of any rights to which any director or officer of the corporation may otherwise be entitled under the Idaho law.

Section 12. PRESUMPTION OF ASSENT: A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken

shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he/she shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE VII

POWERS OF DIRECTORS

Section 1. GENERAL POWERS: The board of directors shall have the power to conduct, manage and control the affairs and the business of the corporation; to make rules and regulations not inconsistent with the laws of the State of Idaho, the Articles of Incorporation and by-laws of the corporation for the guidance of its officers and the management of the affairs of the corporation.

Section 2. OFFICERS: The board of directors shall have the power to elect a president and other officers of the corporation and to employ such assistants as from time to time may be deemed necessary; to appoint and remove at pleasure all officers, agents and employees of the corporation, prescribe their duties and fix their compensation and require from them, if advisable, security for faithful service.

Section 3. MEETINGS: The board of directors shall

have the power to call special meetings of the stockholders whenever it deems necessary.

Section 4. CONTRACTS: The board of directors shall have the power to make and enter into any and all contracts and agreements with any person, firm or corporation that may be necessary or advisable for the benefit or convenience of the corporation and to enforce and carry out any and all such contracts. Such power shall be subject to the provisions of the budget.

Section 5. DEPOSITORY: The board of directors shall have the power to select any one or more banks to act as a depository or depositories of the funds of the corporation; and to determine the manner of receiving, depositing and disbursing the funds of the corporation, the form of checks, and other person or persons signing the checks of the corporation and form thereof at will.

Section 6. FINANCES: The board of directors shall have control over the funds of the corporation as approved in the budget and shall have the power to borrow and loan money and to make advances to any of the agents, servants or employees of the corporation, in case necessity or convenience should require such advances. Actions pursuant to this section shall be reported to the shareholders by publication on the internet on a periodic basis.

Section 7. CHECKS, DRAFTS AND ORDERS: All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the

corporation, shall be signed by such officer or officers or agent or agents of the corporation, and in such manner as shall from time to time be determined by resolution of the board of directors. In the absence of such determination by the board of directors, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president or a vice president of the corporation.

Section 8. PROPERTY: The board of directors shall have the power to buy, sell, lease and acquire in any lawful manner and mortgage and otherwise encumber any and all real or personal property which in its judgment may be beneficial or convenient to the purposes of the corporation. Actions under this section shall be subject to the approval of the shareholders either through the annual budget or special vote.

Section 9. INDEBTEDNESS: After receiving shareholder approval, the board of directors shall have the power to issue notes or other obligations or evidences of indebtedness of the corporation and to secure the same if it is deemed advisable by mortgaging; or pledging or hypothecating any or all of the real, personal or mixed property of the corporation.

Section 10. GIFTS: The board of directors may accept on behalf of the corporation any contribution, gift, bequest or devise for any purpose of the corporation.

Section 11. DIVIDENDS: The board of directors shall have no power to declare or pay dividends to any member, stockholder, director or officer. After all expenses of the corporation have been paid and reasonable reserves have been

set aside as determined by the board of directors, any earnings of this corporation shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the corporation, and for such other purposes as the board of directors may determine to be for the best interests of the corporation. No distribution of any surplus funds shall be made to the shareholders of this corporation except on final dissolution of the corporation.

ARTICLE VIII

DUTIES OF DIRECTORS

Section 1. RECORDS: It shall be the duty of the board of directors to keep a complete record of all of its acts and of all the proceedings of its meetings and to present at the regular meetings of the stockholders and publish on the internet a full statement showing in detail the condition of the affairs of the corporation.

Section 2. EMPLOYEES: It shall be the duty of the board of directors to supervise all officers, agents and employees and see that their duties are properly performed.

Section 3. BONDS: It shall be the duty of the board of directors at any time it shall deem it necessary to require of every officer or employee of the corporation handling funds that he/she furnish a good and sufficient surety bond in such amount and in such terms and containing such conditions as the board of directors may require, in favor of the corporation; the premiums of such bonds to be paid by the corporation.

Section 4. BOOKKEEPING: It shall be the duty of the board of directors to install such a system of bookkeeping and auditing as will at all times disclose fully the receipts and disbursements of the corporation and also disclose the financial condition of the corporation.

Section 5. CONTRACTS: It shall be the duty of the board of directors to carry out and faithfully perform on behalf of the corporation the terms and conditions of any and all agreements made and entered into by the corporation.

Section 6. FUNDS: It shall be the duty of the board of directors to cause the moneys of the corporation to be safely kept, directing from time to time, where and how they shall be kept and deposited.

Section 7. PROPERTY: It shall be the duty of the board of directors to properly protect, care for and maintain any and all property, real, personal and mixed belonging to the corporation.

ARTICLE IX

OFFICERS

Section 1. ENUMERATION: The officers of this corporation shall consist of a president, vice president, secretary and treasurer, and when the board of directors deems it advisable for the best interests of the corporation, a manager, together with any other administrative officers and assistants whom the board of directors may see fit in its discretion to provide for, by resolution entered upon its

minutes. Two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. QUALIFICATIONS: The president and vice president shall be directors of the corporation. The secretary, treasurer, manager and other administrative offices need not be directors of the corporation. The offices of secretary and treasurer may be combined in one person.

Section 3. COMPENSATION: Officers as such shall not receive any stated salaries in any form for their services, but by resolution of the board of directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at any regular or special meeting, and shall be entitled to such actual expenses as may be incurred and paid by them on behalf of the corporation. Nothing here in contained shall be construed to preclude any officer from serving the corporation in any other capacity and receiving compensation therefor.

Section 4 ELECTION AND TERM OF OFFICE: The officers of the corporation shall be elected by the board of directors immediately following the annual meeting of the shareholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient New offices may be created and filled at any meeting of the board of directors. The term of office of each officer shall be for a period of one {1} year and until his successor has been elected.

Section 5 REMOVAL: Any officer elected or appointed by the board of directors may be removed by the board of

directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 6 VACANCIES: A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term.

Section 7. OTHER POWERS AND DUTIES: The several officers shall have such powers and shall perform such duties as set forth herein, and as from time to time be specified in resolutions or other directives of the board of directors. In the absence of such specifications, each officer shall have the powers and authority and shall perform and discharge the duties of officers of the same title serving in nonprofit corporations having the same or similar general purposes and objectives as this corporation.

ARTICLE X

DUTIES OF OFFICERS

Section 1. PRESIDENT: The president shall, when present, preside at all meetings of the directors or stockholders. He/she shall sign as president all notes and contracts and other instruments in writing which have been fully approved by the board of directors. He/she shall call the directors together whenever he/she deems it necessary. He/she shall sign the minutes of the meetings of the board of

directors and stockholders. He/she shall be the first administrative officer of the corporation and shall have such powers and be subject to such duties as are provided in these by-laws and such as may be conferred upon him/her by vote or resolution of the board of directors.

Section 2. VICE PRESIDENT: In the absence of the president, the vice president shall perform the duties of the president and shall perform such other duties as from time to time may be assigned to him/her by the president or by the board of directors.

Section 3 ABSENCE OF PRESIDENT: In the absence of the president and vice-president, any director may act as president.

Section 4 SECRETARY: The secretary shall keep a record of the proceedings of the board of directors and the meetings of the stockholders.

The minutes of each such meeting shall be signed by the president and secretary of the corporation and shall have affixed thereto the seal of the corporation.

The secretary shall have the custody and possession of the corporate seal and shall keep a proper record showing the name of each stockholder of the corporation and shall discharge such other duties as properly pertained to his office or which may be prescribed by the board of directors. He/she shall serve all notices required by the board of directors, or by the by-laws of the corporation. In the absence, inability, refusal, or neglect of the secretary to serve such notices,

then such notices may be served by any person directed so to do by the president or anyone acting in his place. The secretary shall affix the corporate seal to all papers requiring such seal.

Section 5 TREASURER: It shall be the duty of the treasurer to keep safely the moneys belonging to the corporation and to keep or cause to be kept an accurate record of the receipts and disbursements of the same. At each annual meeting of the stockholders, he/she shall submit a complete statement of his accounts for the past year for the information of the stockholders. He/she shall discharge such other duties pertaining to his office as shall be prescribed by the board of directors .

ARTICLE XI

BOOKS AND PAPERS

The books of the corporation and such papers, instruments and documents as may be placed on file by vote of the stockholders or directors, the minutes of the director's and stockholder's meetings, the stock book and any and all other records of the corporation shall at reasonable times be subject to inspection by the board of directors or any member thereof, and any shareholder of the corporation, or his agent or attorney duly authorized in writing, for any proper purpose during posted business hours. All of said books and records shall be kept at the office of the corporation at Sawtooth City, Idaho, or at the office of the secretary of this

corporation.

ARTICLE XII

WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Idaho Business Corporation Act, Idaho Code §30-1-1 et seq., Idaho Non Profit Corporation Act, Idaho Code §30-301 et seq. or under the provisions of the Articles of Incorporation or the by-laws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

If any meeting be irregular for want of notice of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved, and rendered likewise valid and the irregularity of defect therein waived by a writing signed by a number equivalent to a quorum of parties having the right to vote at such meeting.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of September and end at midnight on the 31st day of August of each year.

ARTICLE XIV

ASSESSMENTS

Section 1. ANNUAL ASSESSMENTS: The board of directors shall determine from time to time the amount of initial fee(s), if any, and annual dues or assessments payable to the corporation by members and shall give appropriate notice to the members. The budget presented at the Annual Shareholders Meeting shall include the planned assessment for the coming year. The Board of Directors shall determine the assessment due date(s).

Section 2. SPECIAL ASSESSMENTS: The board of directors may determine from time to time the amount of special assessments or other income which the board deems necessary. Such special assessments shall require shareholder approval to be enforced. Such assessments or income by way of example and not by way of limitation may be used for any of the following: (1) capital expenditures; (2) special operating costs; (3) any non-operating costs, attorneys fees and costs, etc. Special assessments shall be paid to the corporation within thirty (30) days from date of receipt of notice of special assessments. Notice shall be mailed or electronically sent to each shareholder of the corporation.

Section 3. DEFAULT AND TERMINATION OF MEMBERSHIP: When any member is in default in the payment of dues for a period of two (2) months from the beginning of the period for which such dues became payable, his membership may thereupon be forfeited by the board of directors upon notice and hearing as provided in Article III Section 5 of these by-laws.

ARTICLE XV

AMENDMENT OF BY-LAWS

These by-laws may be altered, amended, or repealed, and new by-laws may be adopted by a majority vote of shares outstanding. Such a vote may be performed during a shareholder meeting, by mail, or electronically. Notice of such a vote shall be delivered either personally, by mail, or electronically to each member entitled to vote not less than ten (10) nor more than fifty (50) days before the date of termination of voting. The board of directors shall be responsible for validating such a vote.

ARTICLE XVI

CUSTODY OF BY-LANS

A set of these by-laws after adopting must be certified by a majority of the board of directors and the secretary of the corporation, recorded in the books and records of the corporation and kept at the corporation's registered office in Sawtooth City, Idaho and published on the internet.

DATED This 16th day of August 2014.

CERTIFICATE

We, the undersigned, being all of the directors and the secretary of the corporation, hereby certify that the foregoing by-laws consisting of XVI (16) Articles and dated the 16th day of August, 2014, are the by-laws of the said corporation and that the said by-laws were adopted by a vote of a majority of the stock of SMILEY CREEK WATER USERS ASSOCIATION, INC.


WITNESS Effective the 1st day of September, 2014.



DIRECTOR



DIRECTOR



DIRECTOR / SECRETARY