

BYLAWS OF THE INTERLAKEN MUTUAL WATER COMPANY

The **BYLAWS** of Interlaken Mutual Water Company (IMWC), a non-profit mutual water company, by which the Company shall be governed, are as follows:

ARTICLE I. ADOPTION

Section 1.01 Repeal

All previous Bylaws for Interlaken Mutual Water Company are hereby repealed.

Section 1.02 Adoption

These Bylaws, upon adoption, supersede all prior Bylaws and are intended to be the only Bylaws for Interlaken Mutual Water Company.

Section 1.03 Severability

If any section, subsection, sentence, clause or phrase of this resolution is for any reason held to be invalid by a court of law, such determination shall not affect the validity of the remaining portions of this resolution which shall remain binding and enforceable.

ARTICLE II. SHAREHOLDERS

Section 2.01 Constituency

Each lot of Interlaken Estates has one share of the stock of Interlaken Mutual Water Company. The owners of the lots are also members of Interlaken Estates. In electing a Board of Directors for Interlaken Mutual Water Company, the owners are also electing the Board of Directors for Interlaken Estates.

Section 2.02 Annual Meeting

- (a) There shall be a meeting of the shareholders annually for the purpose of electing the Board of Directors and for the transaction of other business as may be specified by the Board.
- (b) The annual meeting of the shareholders shall be held on the date and time and location specified by the Board of Directors in a Resolution.

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- (c) Notice of meetings shall be served on the shareholders at least ten calendar days before the meeting is held.
 - (i) The notice of meeting shall include the place, day, and hour of the meeting and the purpose for which the meeting is called.
 - (ii) Attendance at a meeting, in person or by proxy, shall constitute waiver of all defects of notice.

Section 2.03 **Special Meetings**

- (a) Special meetings of the shareholders for any purpose or purposes unless otherwise prescribed by statute, may be called by the president or the board of directors, and shall be called by the president at the request of the holders of not less than fifty percent (50%) of the shareholders entitled to vote at the meeting.
- (b) Notice of meetings shall be served on the shareholders at least ten (10) calendar days before the meeting is held.
- (c) The notice of meeting shall include the place, day, and hour of the meeting and the purpose for which the meeting is called.
- (d) Attendance at a meeting, in person or by proxy, shall constitute waiver of all defects of notice.

Section 2.04 **Place of Meeting**

The Board of Directors may designate any place within Wasatch County as the place for the annual meeting or any special meeting called by the Board of Directors.

Section 2.05 **Service of Notices**

- (a) The shareholder has the obligation to provide current contact information to the Board of Directors. The failure to update contact information is not a basis for an extension of any obligations herein or a basis for waiving fees, fines, or interest. The failure to update contact information is not a basis for invalidating any decision made by the Board of Directors or shareholders.
- (b) Unless specified otherwise in a particular section or Article of these bylaws, all notices required by these bylaws, including notices of assessment, penalties, violation or fines, may be given by
 - (i) personal delivery, and/or
 - (ii) regular mail at the address shown on the books of the corporation, and/or
 - (iii) by electronic means, including fax and e-mail unless the Board has

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received a specific written request for regular mail before the record date.

- (c) Notice need not be given by publication except where specified within the Bylaws.

Section 2.06 **Fixing Record Date**

The Board of Directors may fix a record date by which to determine the shareholders entitled to receive notice of the meeting and having the right to vote at any meeting. This date shall be no more than 30 days and no less than 10 days before the date of the meeting at which the vote will be taken.

Section 2.07 **Quorum**

A majority of the shareholders, either in person or by proxy, shall constitute a quorum. If a quorum is not present, a majority of the shareholders present may adjourn the meeting to another date and time. The shareholders present may continue to do business until adjournment notwithstanding the withdrawal of shareholders prior to adjournment.

Section 2.08 **Proxies**

At a meeting of the shareholders, a shareholder may vote by proxy. A proxy must be received in writing or e-mail by the secretary of the corporation on or before the day and hour the meeting commences. No proxy shall be valid more than 3 months after the date of its execution, unless otherwise provided by the proxy.

Section 2.09 **Voting of Shares**

Each outstanding share shall be entitled to one vote on each matter submitted at a meeting of the shareholders. The affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject shall be the act of the shareholders. Treasury shares shall not be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

ARTICLE III. BOARD OF DIRECTORS

Section 3.01 **General Powers**

The affairs of the corporation shall be managed by its Board of Directors.

Section 3.02 **Number, Tenure and Qualifications**

- (a) There shall be not less than 3 and not more than 9 directors, elected at the annual meeting of the shareholders.

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- (b) The term of office of each director shall be two years from the date of the director's election but shall continue to serve until the election of the successor. The terms of the directors may be staggered such that some board positions are available every year.

Section 3.03 **Regular Meetings of the Board**

The Board of Directors may provide by resolution, the time and place for holding regular meetings without notice. Additional regular meetings shall be held at the time and place designated by the Board.

Section 3.04 **Special Meetings of the Board**

Special meetings of the Board of Directors may be called by or at the request of the president or any two directors and shall be held at such a time and place as the directors may determine.

Section 3.05 **Notice of Special Meetings of the Board**

- (a) Notice of any special meeting shall be given at least forty-eight (48) hours before the meeting, either personally delivered, mailed at the address of record, or by e-mail.
- (b) Any director may waive notice of any meeting. The attendance at a meeting shall constitute a waiver of notice of such meeting, except where a director attends specifically for the purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.
- (c) The business to be transacted at the meeting needs to be specified in the notice of such meeting.

Section 3.06 **Quorum**

A two-thirds majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the board. A director may appoint a proxy in writing or by e-mail for any meeting. Visual contact is not required for participation in a meeting; it is sufficient that all directors may hear one another.

Section 3.07 **Board Decisions**

- (a) A motion approved by the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.
- (b) With the consent of all members of the Board, a motion approved by a majority of affirmative votes by e-mail shall be the act of the Board of Directors.

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Section 3.08 **Removal**

Any director and/or officer of the corporation may be removed from office by the shareholders at any meeting by vote in person or proxy of the majority of shareholders.

Section 3.09 **Vacancies**

Any vacancy caused by the death, resignation, or removal from office of any director of the corporation may be filled by the directors at any regular or special meeting of the board. A director appointed to fill such a vacancy shall serve only for the unexpired term of his predecessor in office.

Section 3.10 **Compensation**

No directors shall receive salaries or any other compensation for their services.

Section 3.11 **Liability Insurance**

The Board of Directors shall purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Company against any liability arising out of his or her status as such, whether or not the Company would have the obligation to indemnify him or her against such liability under the provisions of this Article. The Board of Directors shall also retain an "Employee Dishonesty Bond."

ARTICLE IV. OFFICERS

The officers of the corporation shall be the president, vice-president, and secretary, and such other officers as may be elected or appointed by the Board of Directors.

Section 4.01 **Election and Term of Office**

The officers of the corporation shall be elected by the Board of Directors. Each officer shall hold office for two years but shall continue to serve until his successor has been duly elected and taken office.

Section 4.02 **Removal**

Any officer may be removed from office by the Board of Directors at any meeting of the Board of Directors by a vote of a majority of all directors present.

Section 4.03 **Vacancies**

Any vacancy in any office may be filled by the Board of Directors for the unexpired portion of the predecessor's term.

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Section 4.04 **Powers and Duties**

The officers shall have such powers and shall perform such duties as may be specified in resolutions of the board of directors. Each officer shall have the power and authority and shall perform and discharge of the duties of officers of the same title.

ARTICLE V. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 5.01 **Contracts**

The Board of Directors may authorize any officer or officers, agent or agents, to enter into contracts and execute and deliver instruments in the name of and on behalf of the corporation. Such authority may be general or confined to a specific instance.

Section 5.02 **Checks, Drafts or Orders**

All checks, drafts or orders for the payment of money, notes or other indebtedness issued in the name of the corporation shall be signed by such officer or officers, 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.

Section 5.03 **Loans**

No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to a specific instance.

Section 5.04 **Deposits**

All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 5.05 **Corporate Seal**

The Board of Directors shall provide a corporate seal that shall be affixed to these bylaws and shall contain the name of the corporation, its date of incorporation, and the designation that this is the corporate seal of the Interlaken Mutual Water Company.

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ARTICLE VI. BOOKS AND RECORDS

Section 6.01 **Principal Place of Business**

The principal office of the corporation shall be in Wasatch County, Utah, but corporate business may be carried on elsewhere within the State of Utah.

Section 6.02 **Books and Records**

The company shall keep at its principal place of business the following books and records:

- (a) books and records of account;
- (b) minutes of meetings of the Board of Directors and any committees thereof;
- (c) minutes of meetings of the shareholders;
- (d) a record of shareholders which shall give their names and addresses;
- (e) copies of the Articles of Incorporation and Bylaws as originally executed and adopted together with all subsequent amendments thereto.

Section 6.03 **Fiscal Year**

The fiscal year of the corporation shall be the calendar year, beginning on the first day of January and concluding at midnight on the thirty-first day of December at each year throughout the life of the corporation.

Section 6.04 **Financial Statements**

- (a) At the annual meeting, the Board of Directors shall make available to all shareholders the most recent annual financial statement.
- (b) The budget shall be available to the shareholders at the time of the annual assessment by request or by website access.
- (c) Upon the written request of any shareholder, the Board of Directors shall mail to the shareholder its most recent annual financial statement showing in reasonable detail its assets and liabilities.
- (d) Neither the Company nor any Director, officer, employee or agent of the company shall be liable to the shareholder or anyone to whom the shareholder discloses the financial statement or any information contained therein for any error or omission therein.
- (e) Any shareholder challenging the financial statement may, without cost to the corporation, hire a certified accountant to perform an audit, the time and

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place to be arranged cooperatively in a reasonable period of time with the Board of Directors.

ARTICLE VII. ENFORCEMENT AND APPEAL

Section 7.01 **Uniform procedures**

- (a) All homeowners, shareholders, and residents of Interlaken Estates recognize the need for unencumbered roads, clean water, and a safe community and empower the Board of Directors to act on their behalf to ensure the peace and safety of their community.
- (b) Unless otherwise stated in a specific section of the Bylaws, these are the procedures for enforcement of the Bylaws of Interlaken Mutual Water Company and challenge for any action of the Board of Directors or Building Committee.
- (c) Neither the Board nor shareholders have standing to pursue legal remedies until all of these procedures have been exhausted.

Section 7.02 **Notice**

- (a) Notice is not necessary if people or property are endangered by the violation and two Directors confer to determine that action is needed.
 - (i) The Board of Directors is authorized to take whatever action is needed to eliminate the risk.
 - (ii) Notice to the shareholder will be given as soon as possible after the danger is removed.
 - (iii) No shareholder shall have an action against the Board of Directors or Interlaken Estates or Interlaken Mutual Water Company for actions taken in good faith, whether or not in error. The shareholder remains liable any costs incurred.
 - (iv) Specific situations where notice may not be necessary include, but are not limited to:
 - 1) *Cars or obstacles in the right-of-way on the roads;*
 - 2) *Obstacles blocking access to the water system;*
 - 3) *Aggressive animals;*
 - 4) *Leaks.*

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- (b) Where a violation does not require immediate remedial action, the Board of Directors shall issue a Notice of Violation describing (a) the violation, (b) the remedial action required, and (c) the date by which the remedial action needs to be completed.
 - (i) The Board of Directors shall determine the time for remediation based on the (a) risk of leaving the violation uncured and (b) the difficulty of the remedial action needed.
 - (ii) The notice shall be sent in writing and/or e-mail, unless the homeowner has requested regular mail only.

Section 7.03 **Request for Reconsideration**

- (a) Within 10 days of receiving the notice, the shareholder may contact the Board of Directors to
 - (i) appeal the finding of violation, and/or
 - (ii) request additional time, and/or
 - (iii) request a different remedy, and/or
 - (iv) request a special meeting of the Board of Directors.
- (b) Each shareholder appealing a Notice of Violation is entitled to a meeting with the Board of Directors, upon request. This is a special meeting and shall be noticed and scheduled in accordance with the Bylaws.
- (c) In response to the request for reconsideration, the Board of Directors may modify the Notice of Violation, withdraw the Notice of Violation, or affirm the Notice of Violation.

Section 7.04 **Special Meeting of Shareholders**

- (a) If the shareholder still disputes the decision of the Board after the meeting of the Board of Directors, the shareholder shall, within 15 days, notify the Board of the intent to call a special meeting of the shareholders.
 - (i) Unless there is an issue of safety, the Board shall suspend further action for 30 days.
 - (ii) The shareholder is responsible for obtaining the necessary signatures to call a special meeting of the shareholders, consistent with section 2.03.
- (b) If the shareholder fails to obtain the signatures for a special meeting of the shareholders within 45 days, the shareholder has waived all objections to the proposed action. The Board of Directors may take the remedial action as previously determined.

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- (c) If a special meeting of the shareholders takes place, both the Board of Directors and the shareholder agree to comply with the determination made at the special meeting of the shareholders.

Section 7.05 **Enforcement**

- (a) If a violation does not pose an immediate threat and is not remediated within the allotted period of time, the Board of Directors may take one or more of the following actions:
 - (i) Cure the defect and charge the shareholder for all of the costs involved;
 - 1) If the cost exceeds \$2500, and if there are three companies capable of performing the work, the Board of Directors shall obtain three bids and accept the most reasonable bid.
 - 2) The Board of Directors shall notify the shareholder of the bids and allow the shareholder to pay and negotiate the fee.
 - 3) Costs of volunteers are assessed at the same rate as the competitive labor market for the same function.
 - (ii) Levy a fine that is a reasonable estimate of the damage created by the infraction;
 - (iii) Continue to levy a fine until the violation is remediated;
 - (iv) Terminate the water service to the lot;
 - (v) File an action to require compliance by injunctive and other appropriate relief and recover all costs of every kind incurred by the company, including attorney's fees.
- (b) All fines, costs, and interest shall be added to the shareholder's annual assessment and subject to delinquency if unpaid.

Section 7.06 **Mediation**

- (a) In any unresolved dispute between the shareholder and the Board of Directors after the special meeting of the Shareholders, the parties agree to go to mediation.
- (b) Before filing a lawsuit on behalf of the shareholders, the Board of Directors shall notify the shareholders and call a special meeting of shareholders. The Board of Directors shall vote as to whether to proceed after the special meeting.
- (c) Attorney's fees, mediation costs, notice costs, and all other assessments shall

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be paid as determined by the mediator.

ARTICLE VIII. STOCK AND TRANSFERS

Section 8.01 **Stock Records**

- (a) Stock shall be issued, in book entry form stating (a) the name of the shareholder, (b) the mailing address of the shareholder, (c) the Interlaken address of the shareholder, (d) the e-mail contact for the shareholder, and (e) the date of transfer.
- (b) The shareholder is responsible to notify the Board of Directors of any changes in the shareholder's mailing address or e-mail contact within a reasonable time and, in all cases, before the record date.
- (c) All notices herein will be considered valid if they were sent to the shareholder's last reported address or e-mail contact.

Section 8.02 **Limitations**

- (a) Stock shall only be issued to the owners of lots within Interlaken Estates.
- (b) Each share of stock is an appurtenance to the lot upon which it is to be used. It must be transferred with the lot to which it is an appurtenance and shall not be transferrable for use on any lot or other property, other than the lot to which it is appurtenant.
- (c) Legally combined lots shall be considered as one lot and shall be entitled to only one share starting the year following the date the lots were combined.
- (d) Each share of stock shall entitle its holder to one connection to the corporation's water distribution system.
- (e) No lots may be divided or subdivided or partitioned in such a way that they are made smaller than their original size.
- (f) Interlaken Mutual Water Company shall not issue shares to any person or entity, unless there is an adequate water system capacity at the time of issuance of such shares to provide such water service as may be reasonably required by any county, state or other regulatory authority.
- (g) The corporation shall have the absolute right to recognize the owner of the

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shares of stock issued to it for all proper corporate purposes.

Section 8.03 **Sale and Transfer**

- (a) Seller's Responsibility. A minimum of five business days before the scheduled closing of escrow, the seller of the property shall report the sale or transfer of property in writing to the Board of Directors
 - (i) The seller shall request the termination of service to the premises and/or transfer of existing or future obligations to the new owner.
 - (ii) The seller shall ensure that all accrued assessments, fines, costs, and delinquent fees are paid through escrow before title is transferred.
 - (iii) The seller shall provide the buyer with the Articles of Incorporation, Bylaws, and CC&R's.
 - (iv) Failure to provide written notice of the transfer of property shall result in the seller's continuing obligation to pay any costs associated with the services and/or the lot.
- (b) Upon receipt of this written notice and request, the company shall read the meter, weather conditions permitting, and shall, at its option, close the shutoff valve and terminate water service to the lot. Where it is not possible to read the meter, the Company shall estimate the metered use.
- (c) Buyer's Obligations. Upon transfer, the buyer shall
 - (i) make written application for water service with all necessary contact information for the stock log;
 - (ii) agree to comply with the Bylaws of the Company.
 - (iii) pay the Company for an inspection, connection, reinstatement or stock transfer fee to be determined by the Board of Directors.
 - (iv) Debts are appurtenant to the land. If not paid through escrow, buyer shall be liable for all accrued assessments, fines, costs, and delinquent fees payable as if no transfer had occurred.
- (d) Service Resumed. If terminated, upon compliance with all of the foregoing terms and conditions of this subsection, water service shall be restored to the premises.

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ARTICLE IX. ASSESSMENTS

Section 9.01 **Purpose**

The Board of Directors shall have the power to levy assessments, to shut off the water to property where an assessment remains unpaid, to issue fines and penalties, and to take all steps necessary to collect assessments.

Section 9.02 **Budget**

- (a) Annually, at the end of the fiscal year, the Board of Directors shall determine how much money is needed for the upcoming year.
 - (i) The budget shall reflect anticipated costs of fulfilling the obligations, duties, and purposes of the corporation, including, but not limited to, the costs of administration, operation and maintenance of the water system, maintenance and repair of the roads, insurance, professional services, and all reasonably anticipated costs necessary to achieve the goals and responsibilities of the corporation.
 - (ii) The budget shall also reflect a reasonable amount necessary for capital replacement reserves and contingency reserves for unanticipated events and obligations.
 - (iii) The budget shall apply anticipated surpluses from the prior year to the upcoming year.
- (b) The Board of Directors shall also establish the base usage of water for the upcoming fiscal year. The assessment allows each shareholder only the base usage determined by the Board of Directors. Excess use is subject to additional charges.

Section 9.03 **Equal Assessment**

- (a) The budget for the next fiscal year shall be divided equally among all outstanding shares subject to assessment to determine the amount of the assessment per share.
- (b) All stock subject to assessment shall be assessed equally for the annual year.
- (c) Money owed by the shareholder due to excess water use, fines, costs, interest, etc. shall be added to their assessment and shall be subject to delinquency if it remains unpaid.

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Section 9.04 **Form of the Notice of Assessment**

- (a) The notice of assessment shall be in writing and shall specify:
 - (i) the amount of money due; and
 - (ii) additional outstanding fines, costs, penalties or other money owed by that particular shareholder; and
 - (iii) where to send the check or money order; and
 - (iv) that payment in full is due 30 days from the date of the notice; and
 - (v) that the stock will be sold 60 days after it becomes due (90 days after the date the notice is sent).
- (b) The notice shall include a copy of the budget, or a link to the website for access to the budget, or it shall be made available upon request.

Section 9.05 **Service of the Notice of Assessment**

- (a) Service shall be made consistent with Section 2.05.
- (b) The secretary will complete a proof of service listing the addresses to which each Notice of Assessment was sent.
- (c) The failure to update contact information is not a basis for an extension of the obligation to pay the assessment or a basis for waiving late fees or interest charges.

Section 9.06 **Delinquency**

- (a) The shareholder is delinquent when the assessment remains unpaid 30 days after the date of the assessment.
 - (i) Within 30 days, the shareholder may contact the Board of Directors to arrange for an approved extension or payment plan.
 - (ii) Extensions or payment plans shall include an additional charge of \$25.00 per month of outstanding fees, but the shareholder shall not be considered a delinquent account and no interest charges will accrue.
 - (iii) All extensions shall require that the entire assessment is paid within 9 months of the notice of assessment.
- (b) All prior assessments must be paid at the time of the annual assessment unless the collection of the previous assessment has been enjoined or restrained. Payments received will be credited to the oldest debt.
- (c) When a payment is late by more than thirty (30) days the Board shall:
 - (i) send by certified mail, return receipt requested, an Individual

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- Notice of Delinquency to each shareholder who remains delinquent specifying the date and time of the sale of the stock and the amount due;
- (ii) publish a list of delinquent shareholders in a newspaper of local circulation, such as the Wasatch Wave, to be published once a week for at least two (2) weeks before the date of sale.
- (d) When a payment is late by more than fifty (50) days, the Board shall notify Wasatch County Board of Health that a shareholder's water service is going to be terminated on the date of the sale.
 - (e) Until the date of sale, the delinquent shareholder can pay the amount of delinquency, interest, and costs to restore good standing.
 - (f) On the date of sale, the Board of Directors shall:
 - (i) transfer title to the shares into the corporate name and hold the stock as treasury stock; and
 - (ii) File an "Affidavit of Assessment" stating that the Board mailed the notice of order levying the assessment; and
 - (iii) File the "Affidavit of Sale of Stock" stating that the stock sale occurred at the time and place as set forth in the Notice of Assessment; and
 - (iv) File the Proof of Publication showing that the delinquency was published.
 - (g) The Board may also record a Notice of Unpaid Assessment against the property.
 - (h) Water service to the lot shall be terminated on the date of the sale of stock to Interlaken Mutual Water Company.

Section 9.07 **Repurchasing Shares**

- (a) Stock is not subject to further assessment while owned by the Interlaken Mutual Water Company.
- (b) Stock cannot be purchased by anyone except the owner of the land to which the stock is appurtenant.
- (c) The owner of the lot to which the stock is appurtenant can repurchase the share by:
 - (i) paying 110% of all outstanding assessments, including the full value of assessments issued against other shares while the share was in the possession of Interlaken Mutual Water Company; and
 - (ii) paying interest from the date that the first assessment was due until

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- payment is made; and
 - (iii) paying all costs and expenses incurred due to the delinquency, and sale of stock; and
 - (iv) Paying all other fines or costs levied against the lot to which the stock is appurtenant.
- (d) The homeowner is subject to all requirements and costs for reconnecting the home to the water system.

ARTICLE X. WATER DELIVERY

Section 10.01 **Availability of Water**

- (a) Interlaken Mutual Water Company shall not be liable for any failure of water service, including, but not limited to, failure of the system, shortages, droughts, acts of God, accidents or other causes that result in the loss of water service.
- (b) Each water user waives all causes of action against the Company resulting from the temporary suspension of water service, and no claim or cause of action shall be made against the Company because water service is suspended.
- (c) Interlaken Mutual Water Company has the right at any time to shut off the water anywhere within the system for repairs, upgrades, modifications and/or extensions, scarcity of water, damage to any water line or facility, contamination, leaks, or any other causes beyond the reasonable control of the company.
- (d) Interlaken Mutual Water Company may terminate water service to any lot with an unpaid assessment, fines, or other charges, and shall not be required to restore service until all delinquent service fees, assessments, fines, interest, costs, attorney's fees and other charges have been paid in full. The shareholder shall also be required to pay a fee for inspection and reconnection of the water system.
- (e) Interlaken Mutual Water Company is only obligated to provide the base amount of water per share. The Interlaken Mutual Water Company shall not be obligated to provide water in excess of the base amount.
- (f) The Board of Directors shall have the authority to limit or prohibit non-essential water usage in the event of a drought, water shortage, system failure or other emergencies. A notice will be sent to the shareholders giving notice

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of the temporary limitations or prohibitions by personal delivery, regular mail, or, unless there has been a specific request for regular mail only, by e-mail. These limitations or prohibitions may be enforced in the same manner as all other provisions of this article.

Section 10.02 **Base Usage**

- (a) The Board of Directors shall establish an anticipated base usage at the end of the fiscal year and at the time of the assessment.
- (b) Absent an unforeseen condition, payment of the annual assessment entitles the shareholder to the base usage of water.
- (c) Where more than the base amount of water is used, the shareholder shall be pay an overage assessment based upon a per-gallon charge for the amount of water used in excess of the base usage.
 - (i) The overage assessment shall be paid within 30 days of service unless appealed within 30 days of receipt.
 - (ii) If the overage assessment is not paid by the time of the annual assessment, then it shall be added to the annual assessment and payment pursued according to the procedures established therein.
- (d) Leaks from the meter box to the terminal service are the responsibility of the shareholder and shall be subject to regular usage and excess charges.
 - (i) A one-time reduction of a shareholder's water bill shall be permitted when (a) the shareholder is current on all payments to Interlaken Mutual Water Company, (b) the shareholder proves a leak existed and was repaired as soon as practicable, (c) the shareholder has not had a recent leak prior to the current leak and (3) the shareholder petitions the Board for a reduction within 30 days of receiving the usage invoice.
 - (ii) If the IMWC Board agrees to reduce a shareholder's water bill resulting from a leak, the Board of Directors shall (a) take an average of the previous usage; (b) subtract the current reading from the average of the previous use; and (c) accept half of the difference between the average of the previous use and the current readings.
 - (iii) A different formula may be considered at the request of the shareholder if it is determined by a majority of the Board of Directors that it is fairer.

Section 10.03 **Ownership and responsibility**

- (a) Interlaken Mutual Water Company holds title to the Main Transmission

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System, the Service Mains, and the service connections from the Service Mains to the meter box of each individual shareholder. Interlaken Mutual Water Company's obligation for operation and maintenance of the Service Line shall terminate at the meter box.

- (b) The shareholder is the owner of, and has sole responsibility for, the meter, meter box, meter gauges, meter set, backflow prevention device, shutoff valve, and all lines from the meter box to terminal service. Each Shareholder shall bear the sole responsibility for repair, upkeep, and maintenance of the Service Line from the meter box to the terminal service.
- (c) The company is not responsible for any leaks or damages caused by leakage in the service line beginning with the meter box to terminal service.
- (d) Each Shareholder shall install a pressure reducing valve on the meter to protect the Shareholder's property. The Shareholder acknowledges that the water pressure on the Company's side of the connection may from time to time exceed 100 psi, and that the Shareholder must maintain an appropriate pressure reducing valve or such pressures may cause the service line or pipes within the property to rupture causing substantial damage including damage to the contents, structure, or foundation. The Shareholder acknowledges that the Company is not responsible for installing or maintaining pressure reducing valves, and is not responsible for any damage caused by excessive water pressure in the water distribution system.
- (e) All water connections to the Company's system, regardless of when made, shall have installed a back-flow prevention device at the meter assembly in order to protect the safe drinking water quality of the system in compliance with the Uniform Plumbing Code in effect in Wasatch County, Utah. All back-flow prevention devices shall be of a type or kind approved by the Utah Department of Environmental Quality.
- (f) A shutoff valve shall be installed on the distribution line to shut off water from the distribution system prior to the meter. A stop and waste shut off shall be installed at the connection of the meter yoke to the shareholder's service line.

Section 10.04 **Water Meter**

- (a) All private uses of water shall be metered.
- (b) No more than one dwelling may be connected to one meter.
- (c) The shareholder is responsible for the accuracy of the water meter.
 - (i) If a meter is inaccurate, malfunctioning or not functioning, the

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- shareholder must correct and repair within 30 days.
 - (ii) Because the estimated use cannot be determined with an inaccurate meter, a fine of \$100 per week will be issued for an inaccurate meter.
 - (iii) After three months without repair, water service will be terminated and reconnection charges and costs will apply.
- (d) Meters shall be read as often as deemed appropriate by the Board.
- (i) If a shareholder believes that a meter reading is in error, the shareholder may request that the meter be re-read to confirm or correct the original reading.
 - (ii) If the second meter reading confirms the original reading, then the shareholder will be charged a fee of \$25.00 to compensate Interlaken Mutual Water Company for the cost of re-reading the meter.

Section 10.05 **Access**

- (a) By connecting to the water system, each shareholder has granted to the company reasonable access to the shareholder's property to read meters and inspect for shareholder compliance with conditions for water service.
- (b) When property damage or life is threatened, or contamination of the water system is likely, the company may, without incurring liability, shut off the water service to any property to mitigate damage, prevent waste of water, and to prevent contamination of the water supply. Water service will not be restored until the Shareholder has resolved the problem.
- (c) The Shareholder may not attach a lock to the main shut off valve or the frost free hydrant on the Shareholder's property.
- (d) Shareholders are liable for damage to any company property caused by their actions or the actions of their guests.
- (e) Shareholders shall not obstruct or interfere with access to water meters for periodic inspections, reading, and maintenance or to any other part of the water system.
 - (i) The Company shall place "No Parking" signs to identify areas that are critical for safety and maintenance of the water system.
 - (ii) Where a "No Parking" sign has been erected, the homeowner is required to remove all obstructions, including rocks, trees, cars, and any other object that may interfere with the company's access to the water system.

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Section 10.06 **Prohibited Acts**

- (a) Fire Hydrants. An individual may not withdraw water from any fire hydrant. Any unauthorized connection to and use of water from a fire hydrant shall be a violation of these regulations and is unlawful and shall constitute a theft of services and shall be punished in accordance with the laws of the State of Utah.
- (b) Sale of Water Outside Company's Service Area. It is unlawful to sell Interlaken Mutual Water Company water and shall constitute a theft of service and shall be punished in accordance with the laws of the State of Utah.
- (c) Prohibition Against Tampering With Company Property. No one shall damage, tamper with or modify any property owned by the Company including its fire hydrants, valves, meters, lines, tanks, pumps, or any part of the water distribution system, except with prior written permission from the Company.
 - (i) The company shall immediately contact the Wasatch County Sheriff for prosecution and shall assist in any way possible with any prosecution.
 - (ii) The Company may discontinue the Shareholder's water service, as well as subject the shareholder to a fine.
- (d) Meter Tampering. No person shall tamper with or bypass any water meter.
 - (i) No water shall be taken through the meter until the Company has inspected and approved the service connection.
 - (ii) The Company shall discontinue the Shareholder's water service, as well as subject the shareholder to a fine.
 - (iii) Willful consumption of water through a water meter known to be damaged, bypassed, or tampered with is unlawful and shall constitute a theft of service and shall be punished in accordance with the laws of the State of Utah.
- (e) Violation of Rules to Waste Water. It is a violation of these Rules and Regulations to waste water and to allow any appliance, fixture, equipment, faucets, or other similar water using facility to leak, overflow, or operate in a wasteful manner or for a Shareholder to use water for purposes. Wasting water shall include allowing taps or faucets to run for an unreasonable length of time or simply for circulation, using water to drive or propel any motor, turbine, elevator, or propel machinery of any kind, and permitting the use of water on any other property for any purpose.

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Section 10.07 **Enforcement**

- (a) The structural integrity of the water system and the safety of the water consumed by all of the owners and guests to Interlaken are of paramount importance. The Board of Directors is empowered to enforcement by fines, termination of water service, and all legal means necessary to ensure the integrity and safety of the water system.
- (b) The actual damage may be impossible to ascertain in many cases.
 - (i) Where the actual damage cannot be determined, the Board of Directors may establish an amount that is a reasonable estimate of the cost of the infraction or the harm done.
 - (ii) In addition to considering the actual costs, the Board of Directors may value the time of volunteers at the same rate as the labor market would pay for the service.
- (c) Article VII is applicable to all disputes in this Article.
- (d) All shareholders have consented to perform their obligations and duties to ensure the safety of the water system in Interlaken Mutual Water Company. All shareholders have consented to give the Board of Directors the power to

ARTICLE XI. ROADS

Section 11.01 **Natural hazards**

- (a) Interlaken Estates is a community built on mountains, necessarily involving steep, winding roads and many narrow passages which reduce visibility. It is a frequent occurrence to see large game in Interlaken Estates. In most of the community, there are no guard rails, sidewalks or street lights. At elevations of 5500 to 6200 feet above sea level, the neighborhood is subject to snowfall and icy conditions for six or more months of the year. Anyone who drives on Interlaken Estates roads must exercise utmost caution.
- (b) Interlaken Mutual Water Company does not warrant the safety of the roads. All drivers must exercise utmost caution.
- (c) While all effort is made to keep smooth surfaces on the roads at all times, there may be periods in which there are potholes or other irregularities in the surface of the road.
- (d) The speed limit is 20 miles per hour in all sections of the community.

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- (e) The roads are not safe for use by pedestrians, bicyclists, skateboarders, skaters, or any other non-vehicular traffic.
- (f) All motorized vehicles must be street-licensed. ATVs and snowmobiles are not permitted.
- (g) Homeowners are responsible for notifying their guests of the dangers of mountainous driving.

Section 11.02 Road Maintenance and Repair

As much as possible, Interlaken Mutual Water Company and Interlaken Estates shall maintain the roads for year-round ingress and egress. Road maintenance shall be defined as the upkeep, repair, clearing, and inspecting for the purposes of removing snow, repairing water damage, removing, replacing or repositioning road materials, filling potholes, removing fallen or eroded rock, limbs, trees, and other organic matter, to guarantee, as much as possible in our mountainous terrain the safe and unencumbered vehicular use of roadways.

Section 11.03 Right of Way

- (a) The right-of-way is critical for the safety of residents and safety personnel.
- (b) Interlaken Mutual Water Company and the public have a permanent easement 16 ½ feet from the center of the existing road regardless of pavement.
- (c) No vehicle may park on or extend over the asphalt. Preventing such parking is a responsibility of shareholders.
- (d) Parking within 16 ½ feet of the center of the existing road, regardless of pavement, is strongly discouraged at all times but prohibited between November and April because of the possibility of snow. Any vehicle obstructing the snowplow or parking within 16 ½ feet of the center of the road between November and April may be towed without notice.
- (e) Short term parking, defined as 24 hours or less, is strongly discouraged within the right of way at all times, but permitted between May and October when snow is not on the ground or forecast so long as no portion of a vehicle is parked on or extend over the asphalt.
- (f) If multiple vehicles must be parked briefly during the allowed months, they should all be in the same side of the road. In no case should vehicles be parked opposite one another.
- (g) Any vehicle parked within 10 feet of a “No Parking” sign or fire hydrant may

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be towed without notice.

- (h) While recognizing that the 16 ½ - foot right-of-way is part of our roadways and available to all, residents and their guests may not park in the right-of-way where it might interfere with or block another's use of the right-of-way for egress / egress to their driveway at any time.

Section 11.04 Obstructions

- (a) Roads must be kept clear of debris, trees, structures, plants, rocks, and other obstructions that interfere with visibility or traffic.
- (b) Homeowners shall not throw snow or water on the road or, in any other way, create hazards to users of the roads. Heated driveways must not result in water flowing onto the street.
- (c) Homeowners are responsible for avoiding erosion from their land that obstructs or damages the road. Homeowners need to divert the run-off from their property away from the road.
- (d) Homeowners are responsible to report to the Board of Directors any hazards or unsafe conditions.

Section 11.05 Reserves

The budget shall include adequate reserves for road replacement and extraordinary maintenance, the amount to be determined by the Board of Directors. This money is to be placed in an interest-bearing Certificate of Deposit renewable yearly.

Section 11.06 Disputes

Article VII is applicable to all disputes in this Article.

ARTICLE XII. MAINTENANCE OF COMMUNITY

Section 12.01 Building Committee

- (a) In order to assure attractive homes and desirable over-all appearance, the Building Committee shall approve all building plans before construction begins. Any structures erected without the approval of the Building Committee and the Board of Directors shall be subject to tear-down at the homeowner's expense.

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- (b) There shall be not less than 3 and not more than 9 members of the Building Committee appointed by the Board of Directors.
 - (i) Directors may also be on the Building Committee.
 - (ii) The term of office of each committee member shall be two years from the date of the appointment but shall continue to serve until the appointment of a successor.
 - (iii) The terms of the committee members may be staggered such that some committee positions are available every year.
- (c) Determinations of the Building Committee are submitted to the Board of Directors for approval before they are final. A valid vote of the majority of the Board of Directors is the final decision in all disputes between the Building Committee and the Board of Directors.
- (d) The Building Committee, Board of Directors or their assignees have the right to enter any lot in Interlaken for the purpose of inspecting or enforcing these bylaws.

Section 12.02 Complaints

All complaints related to the appearance of houses in Interlaken Estates may be taken directly to the Building Committee or to the Board of Directors. The Board of Directors will refer the initial investigation to the Building Committee and then act on their recommendation.

Section 12.03 Plan Submissions and Appeals

- (a) The homeowner with the proposed building shall submit 3 copies of the architectural plans and the engineering survey to the Building Committee with a check for the amount pre-determined by the Board. One plan copy will be retained by the Building Committee; two will be signed and returned to the owner if the plan is approved.
 - (i) The owner will provide the name and phone number of their contractor/builder (if used) to the building committee prior to the start of the project.
 - (ii) The owner will sign the Interlaken Mutual Water Company Building Agreement.
 - (iii) The owner will provide their contractor with a copy of the Interlaken Mutual Water Company Building Agreement.
 - (iv) The owner agrees that they, the owner, are the party ultimate responsible for compliance with all requirements.
- (b) The Building Committee is not required to hold a meeting, but may consider the plans individually and discuss their recommendations via e-mail or phone.

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- (c) The Building Committee may request that the Board of Directors approve experts to review plans or for other purposes as needed to evaluate plans that are submitted for consideration.
- (d) The Building Committee may determine that it is necessary to have a meeting with the homeowner and/or architect and/or engineer to discuss the plans.
- (e) The Building Committee shall make the decision within 14 days unless further information is needed, in which case the Building Committee will notify the Board of Directors and homeowner of the additional time needed to make a decision.
- (f) The Building Committee will issue their approval or disapproval in writing to the homeowner and to the Board of Directors.

Section 12.04 **Permanent Structures**

- (a) The lots are planned for one residential home with a separate or attached garage. All homes will have inside plumbing and proper sewage connections. All structures shall be on a permanent foundation.
- (b) Except for the boundary with Wasatch Mountain State Park and recognizing the individual lot ownership of shareholders and the respective surveys of their property, the setback to each new structure from the nearest property line is 30 feet, with the exception of the setback from the road.

In purchasing their lot, shareholders accepted that the roads exist where they are now placed and that the community maintains a 16 ½ foot setback from the center of the roadway.

Therefore, the setback from the road is 30 feet from the right-of-way, or 46 ½ feet from the centerline of the road as measured in two-dimensions (horizontally) from the centerline of the road to the closest portion of the proposed new structure.

- (c) If the home is above the level of the road, the driveway must enter the road at the beginning of the right-of-way.
- (d) All permanent structures, including the homes, must be approved by the Building Committee and the Board of Directors.

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Section 12.05 **Existing Structures**

- (a) It is recognized that there have been erected many permanent structures in Interlaken Estates that have not received the approval of the Building Committee and Board of Directors. Some of these structures have enhanced the community while others would appear to detract from the community.
- (b) By December 31, 2010 any shareholder with a permanent structure other than the primary residence and garage, shall request approval of the structure by identifying its primary use and submitting pictures of the structure from all four sides, and pictures of the structure as it is seen from the streets.
 - (i) The Building Committee may inspect the structure.
 - (ii) Unless there are valid plans and an engineering survey and approval from the Building Inspector and Wasatch County, the Building Committee may, at the cost of the homeowner, obtain expert opinions as needed.
- (c) Any other resident of Interlaken Estates may ask the Board of Directors to examine and consider whether the structure on another resident's land has been approved and/or to request that it be removed.
- (d) Any structures other than the primary residence and a garage that are not approved or submitted for approval by December 31, 2010 shall be considered in violation of these Bylaws.
- (e) Any structures other than the primary residence and a garage that have not been approved by May 1, 2011 will be removed at the cost of the homeowner.

Section 12.06 **Temporary Structures**

- (a) No structure of a temporary character, trailer, mobile homes (single wide, double wide or triple wide) basement, tent, shack garage, barn or other outbuilding shall be used on any lot as a residence, either temporarily or permanently. This does not prevent construction of modular homes.
 - (i) A shareholder may petition the Building Committee and Board of Directors for written permission to temporarily erect a structure for a limited period of time for a specific purpose.
 - (ii) Under no circumstances shall a temporary structure be allowed for more than six months.
 - (iii) Whenever possible, such a structure should not be visible from the road.

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Section 12.07 **Construction**

- (a) During construction, and no longer than 12 months, temporary structures such as outside toilets, storage, and construction trailers may be parked on the lot.
- (b) Dumpsters or other suitable trash containers are required during construction.
 - (i) No construction debris is to be put in the community dumpster. Such an act will result in a fine of \$500, payable by the homeowner.
 - (ii) The shareholder is liable for any trash that leaves the property due to wind or the negligence of the workers
 - (iii) Dumpsters must be more than 16½ feet from the center of the road.
- (c) All vehicles must comply with all rules for use of the private roads. No tracked vehicles (such as bulldozers or backhoes with steel tracks) are allowed on the road surface unless protected by some type of pad.
- (d) All construction must be completed within 24 months of initiation unless specific written permission is received from the Building Committee and the Board of Directors.
- (e) The homeowner is liable for any damage to roads during construction.
 - (i) Sewer and water hook-ups should be completed by August so that the road can be repaired before winter.
 - (ii) The owner is responsible for all damage due equipment transversing the roads.
- (f) The owner has the duty to notify the Building Committee when the plan is complete, at which time a final inspection will be made of the roadway, the water, and the building.
- (g) The failure to complete construction within 24 months without approval of the Board of Directors can lead to a fine(s) for a period of six months. After six months, the owner may be required to demolish the unfinished structure.

Section 12.08 **Fire Danger**

- (a) Interlaken Estates is a rural community on mountains with high winds surrounded by a State Park with natural vegetation. There is a significant risk of fire.
- (b) No homeowner shall have any action against the Board of Directors or Interlaken Mutual Water Company in the event of a fire, even if the

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emergency vehicles were not able to get access to the area.

- (c) Each landowner is responsible for ensuring that their property does not pose a hazard for all other properties by clearing dead brush, minimizing dry vegetation, and trimming trees.
- (d) The Board of Directors shall make available to the shareholders a chipper at least once per season, depending upon availability of the fire department. Homeowners are strongly encouraged to participate as volunteers and to clear their property of hazardous fuel for fires prior to “chipper day.”
- (e) Unless conducted or supervised by the Wasatch County Fire Department, no outdoor fires shall be made on any lot within Interlaken Estates.
- (f) While landscaping is appreciated, minimal disruption of the property is preferred. Planted trees, shrubs and plants are allowed. Natural landscaping is preferred whenever possible.
- (g) Where the Board of Directors determines that a property poses a fire hazard for the community, the Board of Directors may (a) notify the shareholder of the necessity to remove the hazard, (b) provide the shareholder a reasonable period of time to remedy the situation, depending upon the type of hazard posed, and (c) undertake on behalf of the community to remove the hazard at the cost of the shareholder.

Section 12.09 **Prohibited Uses**

- (a) The property shall not be used in any manner that is loud and boisterous, such as to disturb the peace and quiet of the adjoining neighborhood and other members of Interlaken Estates.
- (b) No animals or fowls shall be kept, raised or housed upon any lot or tract, except the usual house pets.
- (c) No dogs who bark excessively, disturbing neighbors.
- (d) No firearms shall be used within the boundaries of Interlaken Estates.
- (e) No trash, debris, garbage, or attractive nuisances shall be on the property, for the safety of the residents, wild animals, and the appearance of our community.
- (f) Outside lighting shall be indirect only. No street lights, vapor lights, or other lights producing direct glare shall be permitted. Low intensity security lights and porch lights generally attached to buildings and used for brief periods of time are permitted. All outside lighting shall be limited to that reasonably

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necessary for safety and security.

- (g) No commercial enterprises entailing the coming and going of persons or the delivery or conveyance of materials in the course of business shall be conducted on the property. Commercial enterprises shall be construed to mean the selling of goods or services requiring visitation by the public or customers, or storage of equipment or inventory, but shall not include businesses conducted by telephone or electronically.

Section 12.10 **Disputes**

Article VII is applicable to all disputes in this Article.

ARTICLE XIII. AMENDMENT OF BYLAWS

The Bylaws may be altered, amended, repealed or new Bylaws adopted by a two-thirds majority of the directors present at a regular or special meeting of the board, if at least 30 days written notice is given of the intention to alter, amend, repeal, or adopt new bylaws at such meeting, or by a vote of the majority of the shareholders at any regular or special meeting of shareholders.

Amendments To The Original BYLAWS, Dated September 20, 2010

The following amendments have been made based on a vote of the IMWC Board of Directors:

Tuesday, December 7, 2010

Section 11.03(d) modified from “December and April” to “November and April” and therefore conforming Section 11.03(e) from “May and November” to “May and October.”

Monday, April 25, 2011

Addition of subsection “H” to Section 11.03 Right of Way
While recognizing that the 16 ½ - foot right-of-way is part of our roadways and available to all, residents and their guests may not park in the right-of-way where it might interfere with or block another's use of the right-of-way for egress / egress to their driveway.