

*Attachment 1 to By-Laws***Kidd Island Bay Homeowner Association**
Dock Policy

Kidd Island Bay Homeowners Association (KIBHA), formerly known as Kidd Island Bay Tax Number 12664 Cooperative Association, Inc., a nonprofit cooperative association, created to manage recreational land owned by lot owners of Kidd Island Bay and Kidd Island Bay First Addition. This dock policy accompanied by the Master Dock Plan map supercedes all previous KIBHA dock policies. From time to time this Dock Policy may be revised by the Association.

A. Permit Application Process for New Docks.

1. The Idaho Department of Lands (IDL) shall not process a permit application within the Kidd Island Bay Homeowner's Association (KIBHA) lots unless it has been approved by the Association, as verified by a minimum of three Board member signatures. IDL shall refer all KIBHA dock applicants and those referencing County Assessor's Tax No. 12664 to the KIBHA. IDL shall send the dock permit to KIBHA for verification of accuracy and KIBHA will distribute copies of the permit to the dock owners.
2. The Board shall insure that all dock permit applications contain the lot numbers, names, addresses and signatures of all prospective dock owners agreeing to the dock partnership, and a copy of the contractor's bid for construction of the proposed dock.
3. Prior to Board approval of a new dock, the Board will solicit input from lots affected by placement of the new dock in front of and beside their lots.

B. Dock Ownership Rules*

1. Dock applicants must accept residents within the Association who do not have dock space. A minimum of four lots shall be accommodated by each fifty foot (50') dock.
2. Cost of the dock between lot owners must be evenly shared so as to prevent any lot owner from profiting by selling dock space. This holds true for the re-sale of dock space which can only be to other lots within the Association. The Board of Directors must be notified in a timely fashion of a dock space re-sale. Re-sale price of dock space shall be calculated by using the Replacement Cost New Method and follow the procedure as described in Attachment 1 "Dock Valuation Policy" of this Dock Policy.
3. The Association will provide to a prospective dock applicant with a list of lots and their current owners who do not have dock space. For a nominal processing fee, the Association will contact these lots owners to determine their interest in dock space.

4. Each dock shall have a sign placed on both ends, readable by boating traffic and Association beach users which contains the following information:

Private Dock	
Dock # _____	
Serves Kidd Island Bay lots:	
Lot _____	First Addition
Lot _____	
Lot _____	First Addition
Lot _____	

It is the responsibility of the dock owners to correctly sign the dock. The Association will provide and maintain a master dock location map, develop a numbering system for each dock, and notify the dock owners of their number. This number will appear both on the map and dock sign. Maps with the numbering system and associated lots will be provided to interested membership.

*Docks existing at the time of the August 28, 1987 court ruling are exempt from the above dock policies except for the signing requirement.

Attachment 1

DOCK VALUATION POLICY

This valuation policy apply to docks located on Kidd Island Bay Homeowner Association property, tax identification number 12664. The purpose of this Policy is to fairly value an existing dock so that new dock partners are not unfairly charged for dock space, and so that the original dock partners are justly compensated for their investment. For this to occur, the current value of the dock must be established.

A hypothetical situation where these guidelines must be implemented is as follows:

Two or more lot owners construct a dock and share equally in its original cost. One or more lot owner(s) with rights to the dock in question desire to share the dock at some point after its construction.

The current value of the dock shall be established based on the Replacement Cost New Method (RCN). This valuation method is applied by establishing the replacement or reproduction cost of an improvement and then deducting for appropriate loss in value due to depreciation (i.e., physical deterioration).

To be properly applied the RCN shall be established by an impartial party with knowledge of dock building. There are several dock builders in northern Idaho with the necessary expertise. This service would likely involve a fee.

The responsibility for this fee shall be determined as follows:

The new dock partner(s) shall be responsible for the entire fee if they were given the opportunity at the time of the original construction to share the dock and declined; or if the new dock partner decides not to participate in the dock after the estimate is established. The cost shall be shared between all partners if the new dock partner(s) were not afforded this opportunity to share the dock originally. In this case, the new partner shall pay the entire fee out of pocket, then deduct that amount from the reimbursement to the original dock partners.

In addition to providing an estimated RCN, the dock builder shall be asked to estimate the remaining useful life of the dock with a normal maintenance schedule. After the estimated remaining life is established, depreciation can be estimated.

Example:

Actual Age of Dock	5 years
Remaining Useful Life	<u>10 years</u>
Total Useful Life	15 years

In this case the dock has depreciated 33% (5 years/15 years). This depreciation figure shall be applied to the RCN estimate.

Example:

Replacement Cost New	\$15,000	Replacemnt Cost New	\$15, 000
Estimated Depreciation	<u>33%</u>	Accrued Depreciation	<u>5,000</u>
Accrued Depreciation	\$ 5,000	Est. Value of Dock	\$10,000

The estimated value of the dock shall then be equally divided by the total n umber of partners.

Examples:

Estimated Dock Value	\$10,000
3 Partners	<u>÷ 3</u>
Partner Obligation	\$ 3,333 rounded

Estimate Dock Value	\$10,000
4 Partners	<u>÷ 4</u>
Partner Obligation	\$ 2,500

After the partner obligation is determined the new dock partner shall compensate the original dock partners equally for the dock.

Example:

The established partner obligation is \$3,333 each. The one new dock partner would then reimburse the two original dock partners \$1,667 each. If it is determined that all of the partners are responsible for the RCN and Remaining Useful Life estimate fee, their portion of the fee shall be deducted from each reimbursement. The fee for the estimate shall be paid prior to deducting it from the reimbursement.