

BYLAWS
OF
PARK PROPERTIES HOMEOWNER'S ASSOCIATION

ARTICLE I. LOCATION AND REGISTERED AGENT

The location of the registered office of the corporation as required by Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code ("Act"), shall be located at 5881 Isabella Court, Coeur d'Alene, Idaho, 83814, and may be changed from time to time by the Board of Directors. The registered agent at that address shall be Sid Singer, and may be changed from time to time by the Board of Directors.

ARTICLE II. BOARD OF DIRECTORS

Section 1. General Powers and Standard of Care – All corporate powers shall be exercised by and under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the Board of Directors except as may be otherwise provided in the Act or the Articles of Incorporation.

A director shall perform such director's duties as a director, including such director's duties as a member of any committee of the Board upon which such director may serve, in good faith, in a manner such director reasonably believes to be in the best interest of the corporation, and with such care as an ordinary prudent person in a like position would use under similar circumstances. In performing such director's duties, a director shall be entitled to rely on information, opinions, reports and statements, including financial statements and other financial data, in each case prepared and presented by:

a) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters that the director reasonably believes to be within such person's professional or expert competence; or

(c) a committee of the Board upon which such director does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence;

but such director shall not be considered to be acting in good faith if such director has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who performs such duties shall have no liability by reason of being or having been a director of the corporation.

Section 2. Number, Election and Qualification of Directors - The Board of Directors of the corporation shall consist of seven¹ members of the corporation as defined in the Articles of Incorporation and the Declaration of Protective Covenants for "Park Place", "Park Place First Addition", "Park Terrace", "Park Terrace First Addition", and "Magellan Court" subdivisions. The number of directors serving on the Board of Directors may be increased from time to time by resolution adopted at an annual or special meeting of the members of the corporation. The initial Board of Directors shall be comprised of the following:

<u>Name</u>	<u>Address</u>
Cynthia Griffin	5532 Santa Maria Drive Coeur d'Alene, ID 83814
Sid Singer	5881 Isabella Court Coeur d'Alene, ID 83814
John Brown	1372 Caribbean Coeur d'Alene, ID 83814
John Horn	1309 Ocean Coeur d'Alene, ID 83814
Marybeth McKenna	5774 Isabella Drive Coeur d'Alene, ID 83814

Such persons shall hold office until the first annual meeting of the members following adoption of the Bylaws, or until their successor has been elected and qualified. At such time, the positions for which directors are to be elected shall be divided into two classes, each class to be as nearly equal in number as possible, and the directors in each class elected by the membership. The directors elected in the first class shall hold office until the next annual meeting of the membership, or until their successors have been elected and qualified. The directors elected to the second class shall hold office until the second annual meeting of the membership, or until their successors have been elected and qualified. At each annual meeting of the membership thereafter, the number of directors equal to the number in the class whose term expires at the time of such meeting shall be elected to hold office until the second succeeding annual meeting of the membership following such election.

¹ Adopted by resolution at the Annual Meeting held October 7, 1998. Previous requirement was five.

Section 3. Vacancies - Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the directors. A director appointed to fill a vacancy shall be appointed for the unexpired term of such director's predecessor in office.

Section 4. Removal - At an annual or special meeting of the membership, any director may be removed with cause by a vote of a majority of the membership present at the meeting, and without cause by a vote of two-thirds of the membership present at the meeting. Notice of the meeting must specifically state that removal of the director is an agenda item.

Section 5. Committees - The Board of Directors, by resolution adopted by a majority of the full Board, may designate one or more committees, each of which, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the corporation to the full extent permitted under the Act. Each committee shall consist of directors and two additional members appointed by the Board of Directors. One director shall be designated as chairperson on the committee.

Section 6. Director's and Committee Meetings – Meetings of the Board of Directors or of a duly appointed Committee, shall be held at the call of the Chairperson, by written or oral notice, at locations designated in the notice, with notice being given at least one day prior to the meeting. Attendance at a meeting shall be considered waiver of the notice requirement. A written waiver of notice shall be deemed effective.

Section 7. Quorum and Voting Requirements - A quorum of the Board of Directors or of a committee shall consist of a majority of the directors or committee appointees being present at a meeting.

Section 8. Action Without a Meeting - Any action may be taken in the absence of a meeting based upon the written consent of all the directors or all the members of a committee, setting forth the action so taken, signed by the director or member, and constituting a unanimous vote.

Section 9. Compensation - No director or committee member shall receive a salary or other compensation for services in that capacity, but may be reimbursed for actual expenses incurred in the performance of such services and authorized by the Board of Directors.

Section 10. Loans to Directors - The corporation shall not lend money to or use its credit to assist its directors.

Section 11. Liability of Directors for Wrongful Distribution of Assets - In addition to any other liabilities imposed by law upon the directors of the corporation, the directors who vote for or assent to any distribution of assets, other than in payment of debts, when the corporation is insolvent or when such distribution would render the

corporation insolvent, or during the liquidation of the corporation without the payment and discharge of or making adequate provisions for all known debts, obligations and liabilities of the corporation, shall be jointly and severally liable to the corporation for the value of such assets which are thus distributed, to the extent that such debts, obligations and liabilities of the corporation are not thereafter paid and discharged.

A director shall not be liable under this section if, in the exercise of ordinary care, such director relied and acted in good faith upon written financial statements of the corporation represented to such director to be correct by the accountant or bookkeeper for the corporation, or upon the opinion of legal counsel for the corporation.

A director against whom a claim shall be asserted under this section and who shall be held liable thereon shall be entitled to contribution from persons who accepted or received such distribution knowing such distribution to have been made in violation of this section in proportion to the amounts received by them respectively.

ARTICLE III. OFFICERS

Section 1. Number - The officers of the corporation shall consist of a President, Vice President, Secretary, and Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the office of President and Secretary.

Section 2. Election and term of Office - The officers of the corporation shall be elected at the annual meeting of the Board of Directors held subsequent to the annual meeting of the membership, to serve a term of one year. If the election of officers shall not be held at such meeting, such election shall be held as soon as practical thereafter. Each officer shall hold office until a successor shall have been duly elected and shall have qualified, until such officer's death, or until such officer shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal - Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. 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 5. President - The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. The president

shall, when present, preside at all meetings of the Board of Directors. The president may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, any promissory notes, deeds, mortgages, leases, contracts, or other instruments that the Board of Directors has authorized to be executed, except in the cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed and executed. The President shall co-sign all checks or other deposit account withdrawals in excess of FIFTY DOLLARS (\$50.00), and, in general, shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President - In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice President shall perform the duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president and shall perform such other duties as from time to time may be assigned to the Vice President by the president or by the Board of Directors.

Section 7. Secretary - The Secretary shall attend all meetings of the Board of Directors and shall prepare and maintain proper minutes of those meetings. The secretary shall be the custodian of the official seal of the corporation, if any, and shall affix that seal on all documents executed on behalf of the corporation, pursuant to due authorization by the Board of Directors. The secretary shall have the custody of and properly protect all executed deeds, leases, agreements and other legal documents and records to which the corporation is a party or by which it is legally affected. The secretary shall in general perform all duties incident to the office of the secretary and such other duties as from time to time may be assigned to the secretary by the President or the Board of Directors.

Section 8. Treasurer - The treasurer shall be the principal financial officer of the corporation and shall have charge and custody of and be responsible for all funds of the corporation. The treasurer shall sign all checks and promissory notes of the corporation and shall receive and give receipts for moneys due and payable to the corporation from any source whatsoever and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of the Bylaws. The treasurer shall keep or cause to be kept, adequate and correct accounts of the corporation, including accounts of its assets, liabilities, receipts and disbursements. The treasurer shall submit to the Board of Directors and the president, when required, statements of the financial affairs of the corporation. The treasurer shall in general perform all of the financial duties incident to the office of treasurer and such other duties as from time to time may be assigned to the treasurer by the President of the Board of Directors. If required by the Board of Directors, the treasurer shall give a bond for the faithful discharge of the treasurer's duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 9. Salaries - The salaries of the officers, if any, shall be fixed from time to time by the Board of Directors.

ARTICLE IV. MEETING OF MEMBERS

Section 1. Annual Meeting - The annual meeting of members as described in the Articles of Incorporation and the protective covenants of the "Park Place" and "Park Terrace" subdivisions, shall be held the fourth Saturday of September of each year, at a place determined by the Board of Directors.

Section 2. Special Meetings - Special meetings of the members may be called at any time by either the President of the corporation or the Board of Directors, or upon the written request of two-thirds of the membership.

Section 3. Notice of Meeting - Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten days prior to the meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the tax roles of the County or of the books of the corporation. Such notice shall specify the place, day and time of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum - The presence at the meeting of members entitled to vote; including proxies, of twenty-five percent (25%)² of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation or these Bylaws. If, however, such quorum shall not be present at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies - At all meetings of members, each member as defined in the Articles and Protective Covenants, may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

Section 6. Waiver of Notice - Before or at any meeting of the members, any member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving of such notice to the member. Attendance by a member at any meeting of the membership shall be a waiver of notice.

Section 7. Cumulative Voting - Each lot owner is entitled to one vote as a collective entity, and cumulative voting is allowed where an owner owns more than one lot in either subdivision.

² Adopted by amendment at a Special Meeting held March 10th, 1999. Previous requirement was fifty-one percent.

ARTICLE V. ASSESSMENTS

Both the Articles of Incorporation and the Protective Covenants of Park Place" and "Park Terrace" provide for and annual assessment secured by a lien against each individual lot. The corporation is duly authorized with the enforcement abilities provided for in both the Articles of Incorporation and said protective covenants.

ARTICLE VI. MISCELLANEOUS

Section 1. Indemnification - The corporation may, in accordance with the Act, indemnify any director, officer, former director or officer, against expenses actually and reasonably incurred in connection with the defense of any action, suit or proceeding, whether civil, criminal, administrative or investigative, in which such person is made a party, or is threatened to be made a party, by reason of being or having been a director or officer, except in relation to matters as to which such person is adjudged to be liable for willful misconduct in the performance of such person's duties to the corporation.

Section 2. Fiscal Year - The fiscal year of the corporation shall begin with the adoption of these Bylaws, and end on December 31st of that year, and shall be a calendar year thereafter.

Section 3. Amendment - These Bylaws may be amended, altered or repealed at any properly constituted meeting of the membership.

The undersigned, being the initial secretary of the Board of Directors as named in the Articles of Incorporation, based upon duly received input from the membership of the corporation, does hereby certify that the foregoing constitutes the initial Bylaws of the corporation.

Dated this 25th day of February, 1995.

s/ Freeman B. Duncan
Freeman B. Duncan

Resolution No. 1

WHEREAS The Park Properties Homeowner's Association provides that, by resolution, the number of directors serving on the board of directors may be increased from time to time by resolution adopted at an annual meeting or special meeting of the members of the corporation;

NOW, THEREFORE, THE MEMBERS OF PARK PROPERTIES HOMEOWNER'S ASSOCIATION HAVE MET IN ANNUAL MEETING AND ENACTS AS FOLLOWS:

1. Be it resolved that Article II, Section 2 of the Bylaws be changed by deleting the sentence:

“The Board of Directors shall consist of five members of the corporation as defined in the Articles of Incorporation and the Declaration of Protective Covenants for “Park Place”, “Park Place First Addition”, Park Terrace”, “Park Terrace First Addition”, and “Magellan Court” subdivisions.” and be replaced by:

“The Board of Directors shall consist of seven members of the corporation as defined in the Articles of Incorporation and the Declaration of Protective Covenants for “Park Place”, “Park Place First Addition”, Park Terrace”, “Park Terrace First Addition”, and “Magellan Court” subdivisions.”

2. This Resolution shall come into force and take effect on, from and after the final passing thereof.

INTRODUCED AND PASSED THIS 7TH DAY OF OCTOBER, 1998.

Amendment No. 1

WHEREAS The Bylaws of Park Properties Homeowner's Association provides that, by amendment, the percent of votes of the membership required to constitute a quorum at an annual or special meeting may be changed;

AND WHEREAS The Bylaws of the Park Properties Homeowner's Association currently requires that 51% of the votes of the membership shall constitute a quorum.

NOW, THEREFORE, THE MEMBERS OF PARK PROPERTIES HOMEOWNER'S ASSOCIATION HAVE MET IN SPECIAL MEETING AND ENACT AS FOLLOWS:

1. That Article IV. Section 4 be changed by deleting the sentence:

“The presence at the meeting of members entitled to vote, including proxies, of fifty-one percent (51%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation or these Bylaws.” and be replaced by:

“The presence at the meeting of members entitled to vote, including proxies, of twenty-five percent (25%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation or these Bylaws.”

2. This Amendment shall come into force and take effect on, from and after the final passing thereof.

INTRODUCED AND PASSED THIS 10TH DAY OF MARCH, 1999.