

BY-LAWS
OF
SANDY RIDGE FIRST HOMEOWNERS ASSOCIATION

ARTICLE I
NAME, LOCATION, PURPOSE

Section 1. Name. The name of the corporation shall be Sandy Ridge First Homeowners Association.

Section 2. Location. The principal place of business of the corporation shall be 2605 W. Hayden Avenue, Hayden, Idaho 83835.

Section 3. Purpose. This corporation shall engage in the enhancement and promotion of the following purposes:

A. To provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation, and architectural control of Association property within that certain development situated in the County of Spokane, known as Sandy Ridge First.

B. To promote the health, safety, and welfare of all residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for such purpose, all according to that certain Declaration of Covenants, Condition, and Restrictions (the "Declaration") recorded or to be recorded with respect to said property in the office of the Auditor of Spokane County.

C. Fix, levy, collect, and enforce assessments and fines as set forth in the Declaration.

D. Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitations, licenses, taxes, or governmental charges levied or imposed against the Association property.

E. Acquire (by gift, purchase, or otherwise) own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.

F. Make contracts and incur liabilities, borrow money and mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

G. Dedicate, sell, transfer, or grant easements over all or any part of any Association Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members.

H. Participate in mergers and consolidations with other non-profit corporations organized for the same purposes, or annex additional property to the property managed by the Association.

I. Have and exercise any and all powers, rights and privileges which a corporation organized under the Miscellaneous and Mutual Corporations Act of the State of Washington by law may now or hereafter have or exercise.

ARTICLE II MEMBERSHIP

Section 1. Corporate Members. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is covered by covenants or record for Sandy Ridge First shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot governed by the Association. Membership shall be in accordance with the Articles of Incorporation and the Bylaws of the Association and shall be subject to all covenants and restrictions of record which have been duly recorded with the County Auditor in Spokane County. In the event no other specific membership of the corporation exists, the Board of Directors shall serve as the entire membership.

Section 2. Membership Meetings. Unless an alternative date is selected as provided in Article III, Section 4, the annual meeting of the membership of this corporation shall be held during or immediately prior to the annual meeting of the Board of Directors unless it is a holiday in which case it shall be held the second Monday in July. Special meetings of the membership of the corporation may be called from time to time at the discretion of the Board of Directors of the corporation or, after transfer of control of the Board to the general membership, as provided in the Declaration, by written consent of members holding at least 10% of the voting power of the Association.

Section 3. Membership Votes. At any meeting of the membership of the corporation, a majority of the members of the corporation must be present, in person or by proxy, to constitute a quorum. Each member so represented shall be entitled to voting rights as provided in the Declaration of Covenants, Conditions and Restrictions for Sandy Ridge First.

ARTICLE III DIRECTORS

Section 1. Board of Directors. The activities and affairs of the corporation shall initially be managed by a Board of Directors of up to two (2) members, who need not be members of the Association, until transfer of control of the Board to the general membership, after which time the Board of Directors must consist of three (3) members, all of whom must be members of the Association.

Section 2. Election of Directors. The Declarant shall retain the power to name all Directors of the Association until transfer of control of the Board to the general membership all Lots have been transferred by it. Once control has been turned over to the general membership, the Directors of the corporation shall be elected by a majority vote of the membership of the corporation at the annual meeting of the membership.

Section 3. Term of Office. The term of office of each Director of the corporation shall be a period of four (4) years or until their successor is elected and qualified, except that the initial term of the original Board of Directors elected at the meeting of the corporation first held after Declarant has relinquished control of the Association shall be staggered so that as nearly as possible an equal number shall be elected each year or every other year, and such staggering shall be determined by a vote of the membership at the first annual meeting of the membership.

Section 4. Meetings. The Board of Directors of the corporation shall hold an annual meeting on the first Monday of each January, unless the first Monday is a holiday, or unless another day is fixed by notice by the Board of Directors, in which case the annual meeting shall be held on the second Monday in October, or such other date as the Board of Directors shall determine and for which they shall provide notice of not less than 30 days to the membership. There shall also be quarterly meetings on the first Monday of each succeeding April, July, and October unless any of such quarterly meetings are dispensed with pursuant to the written consent signed by all members of the Board of Directors prior to the date of any such quarterly meeting. The Board shall, additionally, be entitled to hold special meetings at such times and at such places as it shall deem necessary for the competent management of the activities of the corporation and all such special meetings shall be by written notice to all members of the Board of Directors.

Section 5. Voting. Each member of the Board of Directors shall possess one (1) vote in matters coming before the Board. All voting at meetings of the Board of Directors shall be by each member and person and voting by proxy shall not be allowed.

Section 6. Removal of Board Member. After transfer of control of the Board to the general membership, any Director may be removed from office by a majority vote of the membership at any regular or special meeting of the membership of the Corporation. Notice of the proposed removal of the Director must be given to such Director prior to the date of the meeting at which such removal is to be voted upon. Such notice to the Director must state the alleged cause, if any, for the proposed removal.

Section 7. Board Member Vacancies. Any vacancy occurring on the Board of Directors by reason of death, resignation, or removal of a Director shall be filled by a person chosen by a majority vote of the remaining Directors. Such appointee shall serve during the unexpired term of the Director whose position has become vacant, or at the option of the remaining Directors, such vacancy shall remain vacant.

ARTICLE IV
POWERS AND DUTIES OF BOARD 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 Washington, 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 assistance as from time to time may be deemed necessary to assist the Board of Directors in the management and investment of any property or funds contributed to the corporate foundation; to appoint and remove at pleasure all officers, agent, and employees of the Corporation, prescribe their duties and fix their compensation and require from them, if advisable, security for faithful service.

Section 3. 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 reasonable or necessary or to enforce and carry out any and all such contracts. Such contracts may include, without limitation, hiring of a third party manager to administer Association functions and duties for a fee. The Board shall 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. No contract shall be void or voidable if entered with a member of the Board of Directors or any entity in which any member of the Board of Directors shall have any interest.

Section 4. Depository. The Board of Directors shall have the power to select any one or more banks to act as 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 the person or person signing checks of the Corporation.

Section 5. Finances. The Board of Directors shall have the control over the funds of the Corporation and shall have the power to borrow and loan money.

Section 6. Property. The Board of Directors shall have the power to buy, sell, lease, and acquire in any lawful manner and mortgage or otherwise encumber any and all real or personal property which in its judgment may be beneficial or convenient to the purposes of the corporation. 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.

Section 7. Indebtedness. The Board of Directors shall have the power to issues notes or other obligations or evidences of indebtedness of the Corporation and to secure the same if it is deemed advisable by mortgaging, pledging or hypothecating any or all of the real, personal, or mixed property of the Corporation.

Section 8. 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 a full statement at

the regular meeting of the members, showing in detail the condition of the affairs of the Corporation.

Section 9. 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 10. 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 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 bond to be paid by the Corporation.

Section 11. Bookkeeping. It shall be the duty of the Board of Directors to install such a system of bookkeeping and auditing as well as at all times disclose fully the receipts and disbursements of the Corporation and also disclose the financial situations of the Corporation.

Section 12. Funds. It shall be the duty of the Board of Directors to cause the monies of the Corporation to be safely kept, directing from time to time, where and how they shall be kept and deposited.

ARTICLE V OFFICERS

Section 1. Enumeration. After transfer of control of the Board to the general membership, the officers of this Corporation shall consist of a President, a Vice-President, Secretary and Treasurer, provided that any two (2) such offices can be combined into one (1) except for President and Secretary (unless one person has been designated to hold all offices). The Board of Directors may, additionally, when it deems it advisable and for the best interests of the Corporation, appoint a Manager, who may be compensated for management services, together with any administrative officers and assistants whom the board of Directors may see fit to provide for, by resolution entered into the minutes of all corporate meetings.

Section 2. Qualifications. The President and Vice-President, shall be Directors of the Corporation. The Secretary, Treasurer, Manager, and any other administrative officers need not be Directors of the Corporation.

ARTICLE VI DUTIES OF OFFICERS

Section 1. President. The President shall act as chairman of the Board of Directors and shall preside at all meetings of the Directors or meetings of the membership of the Corporation. He or she shall sign as President all notes, deeds, bonds and contracts, and all other obligations on behalf of the Corporation together with the Secretary in the name of the Corporation which have been fully approved by the Board of Directors. The President shall call the Board of Directors together whenever the President deems it necessary, and shall sign the minutes of the meetings of the Board of Directors and of the meetings of the membership. The President shall

perform such other duties usually inherent in such office, except that such duties may be delegated as said President of the Corporation sees fit to so delegate.

Section 2. Vice-President. The Vice-President of the Board of Directors shall act for the President in the President's absence and perform such other acts and duties as the President from time to time may direct.

Section 3. Secretary. It shall be the duty of the Secretary of the Board of Directors to keep all records of the Board of Directors of the Corporation, and to perform such other acts as the President may direct. The Secretary shall sign in the name of the Corporation with the President (or the President's absence, with the Vice-President) all deeds, bonds, contracts, and other obligations on behalf of the Corporation which the Board of Directors has duly approved. The Secretary shall serve all notices required by the Board of Directors or by the By-Laws of the Corporation.

Section 4. Treasurer. The Treasurer shall receive and be accountable for all funds belonging to the Corporation; pay all obligations incurred by the Corporation when payment is authorized by the Board of Directors; maintain bank accounts and depositories designated by the Board of Directors; and render periodic financial reports. Provided, the Board of Directors may elect to delegate to administration of any or all of these functions to a third party manager.

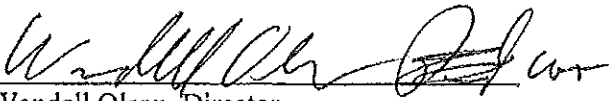
ARTICLE VII ACTIONS BY WRITTEN CONSENT

Any corporate action required or permitted by the Articles of Incorporation or By-laws of the Corporation or by the laws of the State of Washington, to be taken at a meeting of the Directors of the Corporation may be taken without a meeting if a consent in writing, setting forth the actions so taken. Any such consent shall be signed by all of the Directors entitled to vote and shall have the same force and effect as a unanimous vote.

ARTICLE VIII AMENDMENTS

These By-Laws shall be amended only by a vote of two-thirds (2/3) of the members of the Association.

The foregoing By-Laws were adopted by the action of a duly called meeting held at Spokane, Washington on the 24th day of Feb 2007.


Wendell Olson, Director


Jerry Streeter, Director