

BY-LAWS
OF
TURTLE CREEK SOUTH HOMEOWNERS ASSOCIATION

ARTICLE I

OBJECT AND DEFINITIONS

Section 1. Name and Location. The name of the corporation is TURTLE CREEK SOUTH HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Corporation." The principal address of the Corporation shall be 12720 EAST NORA AVENUE, SUITE D, SPOKANE, WA 99218, but meetings of Members and Directors may be held at such places within the State of Washington as may be designated by the Board of Directors.

Section 2. Purpose. The purpose for which the Corporation is formed is to provide Members the Ownership, maintenance and preservation of the Common Area and any Landscape Maintenance Areas in SPOKANE County, Washington, for which the Corporation was formed.

Section 3. Assent. All present or future owners are subject to the regulations set forth in these By-Laws.

Section 4. Definitions. Capitalized terms shall have the meanings defined herein. The terms "Owners" and "Members" as used herein shall be synonymous.

Section 5. Membership and Voting Rights. Ownership of a lot within the Turtle Creek South Subdivision shall entitle the owner to be a member in this Homeowners Association, however, the terms and conditions of the Covenants, Conditions and Restrictions shall govern voting authorities.

ARTICLE II

MEETING OF Members

Section 1. Annual Meetings. The first annual meeting of the

Members shall be held on the 1st day in October 1999, at 9:00 a.m., and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 9:00 a.m. At such meetings there shall be elected a Board of Directors in accordance with the provisions and requirements of these By-Laws. The Members may also transact such other business of the Corporation as may properly come before them.

Section 2. Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or on a petition signed by one-fourth (1/4) of the Members and presented to the Secretary.

Section 3. Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, to each Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 4. Quorum. The presence in person or by proxy of more than FIFTY percent (50%) of the Members entitled to vote shall constitute a quorum for any action except as otherwise provided in the Articles of incorporation or these By-Laws. An affirmative vote of a majority of the Members present, either in person or by proxy, shall be required to transact business. If, however, such quorum shall not be present or represented at any meeting, the Members present entitled to vote 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 may vote in person or by proxy. All proxies shall be in writing and the signatures must be witnessed or acknowledged. Proxies must be filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon termination of membership in the Corporation.

Section 6. Vote Distribution. Unless the Declarant still retains full voting power, Members shall be entitled to one (1) vote each. When more than one person owns a membership, all such co-owners shall be Members and may attend any meeting of the Corporation, but only one such co-owner shall be entitled to

exercise the vote to which the membership is entitled. Such co-owners may from time to time designate in writing one of their Members to vote. Fractional votes shall not be allowed, and the vote for each membership shall be exercised if at all, as a unit. Where no voting co-owner is designated or if such designation has been revoked, the vote for such membership shall be exercised as the majority of the co-owners of the membership mutually agree. Unless the Board of Directors receives a written objection from a co-owner, it shall be presumed that the voting co-owner is acting with the consent of his or her co-owner. No vote shall be cast for any membership where the majority of the co-owners present in person or by proxy and representing such membership cannot agree to said vote or other action.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll Call.
- (b) proof of Notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of Officers.
- (e) Reports of Committees.
- (f) Election of Board Members (if necessary).
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

ARTICLE III

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of the Corporation shall initially be managed by a Board of one (1) Director, the Declarant as set out in the Declaration of Protective Covenants, Conditions and Restrictions dated _____, 1999. At such time as the Declarant relinquishes or, by the terms of the Declaration or Covenants, Conditions and Restrictions, the Declarant's authority terminates, a new Board shall be elected and the number of Directors shall increase to a minimum of three (3). The number of Directors may be increased or decreased from time to time, after the Declarant's rights of control have terminated, by amendment to these By-Laws, but shall not be less than three (3). No decrease in number shall have the effect of shortening the term of any incumbent Director.

Section 2. Term of Office. The Directors shall be elected for a one (1) year term.

Section 3. Removal. The Director elected by the membership at large may be removed from the Board, with or without cause, by

a majority vote of the Members at any regular or special meeting duly called and a successor may then and there be elected to fill the vacancy thus created. Any Board Member whose removal has been so proposed by the Members shall be given an opportunity to be heard at the meeting.

Section 4. Vacancies. Vacancies in the Board caused by any reasons other than removal of a Board Member by a vote of the Members shall be filled by vote of the majority of the remaining Board Members, even though they may constitute less than a quorum, and shall serve the unexpired term of his predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he may render to the Corporation as a Director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE IV

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. As long as the Declarant, as defined in the Covenants, Conditions and Restrictions, dated _____ or his/its successors and/or assigns ("Declarant"), remains a Member of the Corporation. Declarant shall have the right to nominate and elect two (2) persons to the Board of Directors. This provision shall only apply during such time that the Declarant has waived vote control rights or such rights have terminated pursuant to the Declaration of Covenants, Conditions and Restrictions. Any amendment to these By Laws serving to increase the number of Directors shall also increase the number of Directors the Declarant can appoint.

The third Director shall be nominated and elected by the membership at large. The nominations for the election of the third person to the Board of Directors shall be made from the floor at the annual meeting. Such nominations may be made from among Members or non-Members. The Members shall each then cast their vote for one of the nominated persons. The person receiving the largest number of votes shall be elected to be the third Director on the Board. Cumulative voting is not permitted.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Annual Meeting. An annual meeting of the Board of Directors shall be held within ten (10) days of each annual meeting of Members, at such place and time as shall be fixed by the Directors at the annual meeting of Members, and no notice

shall be necessary to the Board of Directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

Section 2. Regular Meetings. Regular meetings of the Board of Directors shall be held at such interval, and at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Corporation, or by any two (2) Directors, after not less than three (3) days notice to each Director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place and purpose of the meeting.

Section 4. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6. Waiver of Notice. Before, at, or after any meeting of the Board, any Board Member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Board Member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board Members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 7. Official Business. All official business submitted to the Board by other Members shall be transmitted in writing, emergencies excepted, and such written business shall be submitted to the Board of Directors through the President, if available, and the Secretary if the President is not available. The Board of Directors, if reasonably possible, shall answer in writing all matters so submitted to it within thirty (30) days after the next meeting of the Board.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the powers and duties necessary and incidental for the administration of the Corporation, and may do or provide for all such acts and things as are not prohibited by State law, or provided for in another manner, including but not limited to the following:

- (a) Adopt and publish rules and regulations governing the activities of the Corporation, and the personal conduct of the Members and their guests, and to establish penalties for the infraction thereof;
- (b) Suspend the voting and hunting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Corporation. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (c) Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (d) Employ or contract with a professional manager to perform all or any part of the duties and responsibilities of the Corporation;
- (e) Delegate its powers to committees, officers, and employees;
- (f) Terminate the membership of any Member who has failed to pay the dues or other assessments within thirty (30) days after notice from the Corporation of such delinquency;
- (g) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- (h) Supervise all officers, agents and employees of the Corporation, and to see that their duties are properly performed;

- (i) With respect to monetary matters:
 - (1) Create a separate interest bearing account into which shall be deposited the balance of the Member's dues, and from which disbursements shall be made by the Corporation for the expense of the Corporation in accordance with the approved Budget for that period;
 - (2) Fix the amount of any annual dues to be assessed each Member, subject to a 20% maximum increase each year, per membership;
 - (3) Send written notice of the annual dues at least twenty (20) days prior to the date such dues are due;
 - (4) Collect all dues and assessments when due;
 - (5) Prepare an annual balance sheet and operating statement reflecting income and expenditures of the Corporation for each fiscal year, including deposits and withdrawals, and cause a copy of each such statement to be distributed to each Member;
- (j) Procure and maintain adequate liability and hazard insurance as may be determined by the Board of Directors, and annually review such insurance policies;

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Corporation shall be a President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Corporation shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Sections 4. Special Appointments. The Board may elect such other officers as the affairs of the Corporation may require, each of whom shall hold office for such period, have such

authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. On an affirmative vote of a majority of the Members of the Board of Directors, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. Any person may hold concurrently any two offices. The office of Vice-President need not be filled.

Section 8. Duties. The duties of the officers are as follows:

- (a) President. The President shall have all of the general powers and duties which are usually vested in the office of the President of a non-profit association, including but not limited to: presiding at all meetings of the Members and the Board of Directors; seeing that orders and resolutions of the Board are carried out; co-signing all checks and promissory notes; and appointing committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the Corporation's affairs.
- (b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Corporation together

with their addresses, and shall perform such other duties as required by the Board;

- (d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Corporation and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Corporation; keep proper books of account; and shall prepare an annual statement of income and expenditures to be presented to the membership at its regular annual meeting, and to deliver a copy to each to the Members.

ARTICLE VIII

BOOKS AND RECORDS

The books, records, and papers of the Corporation shall at all times, during reasonable business hours, be subject to inspection by any Member. The Articles of Incorporation and the By-Laws of the Corporation shall be available for inspection by any Member at the registered office of the Corporation, where copies may be purchased at reasonable cost.

ARTICLE IX

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

1. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, trustee, officer, employee or agent of the Corporation or of a predecessor corporation, or is or was serving at the request of the Corporation or of a predecessor corporation as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner in which he reasonably believed to be in or not opposed to the best interest of the Corporation, and with respect to any criminal action or proceeding had reasonable cause to believe that his conduct was unlawful.

2. The Corporation shall indemnify any person who was or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, trustee, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation or of a predecessor corporation as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys, fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all

circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

3. To the extent that a director, trustee, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (1) and (2), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

4. Any indemnification under subsections (1) and (2) (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, trustee, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (1) and (2). Such determination shall be made by the Board of Directors by a unanimous vote consisting of directors who were not parties to such action, suit or proceeding.

5. Expenses (including attorneys, fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in subsection (4) upon receipt of an undertaking by or on behalf of the director, trustee, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this section.

6. The indemnification provided by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of shareholders or disinterested directors, or otherwise both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, trustee, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. The indemnification powers of the Corporation shall be as broad as is allowed under applicable law.

7. Upon the unanimous vote of the Board of Directors, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, trustee, officer, employee or agent of the Corporation or of a predecessor corporation, or is or was serving at the request of the Corporation or of a predecessor corporation as a director, officer, trustee, employee

or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation shall have indemnified him against such liability under the provisions of this article.

ARTICLE X

DUES AND ASSESSMENTS

Each Member is obligated to pay to the Corporation annual dues and any validly enacted special assessments. Any dues or assessments which are not paid when due shall be delinquent. If the dues or assessment is not paid within fifteen (15) days after the due date, the dues or assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Member responsible therefor may also be required further by the Board of Directors to pay each month a late charge of Five Dollars (\$5.00) or five percent (5%) of the amount of the delinquent dues or assessment, whichever is greater. The Corporation may terminate the voting rights of any Member who has failed to pay such delinquent dues or assessments within said ten (10) days of written notice of such delinquency. No Member may waive or otherwise escape liability for the dues or assessments provided for hereby by non use of any of the property owned by the Corporation.

ARTICLE XI

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Board of Directors, by a majority vote of the Directors.

ARTICLE XII

MISCELLANEOUS

The fiscal year of the Corporation shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all of the initial Directors of the Corporation, have approved and signed these By-laws this _____ day of _____, 1999.

RICHARD T. DAHM

SANDY BUTLER