

BYLAWS
OF
QUALCHAN L.I.D. HOMEOWNERS ASSOCIATION
d/b/a OVERLOOK HOMEOWNERS ASSOCIATION

ARTICLE I

OBJECT AND DEFINITIONS

Section 1. Name and Location. The name of the non-profit corporation is hereinafter referred to as the "Association." The registered address of the corporation shall be P. O. Box 31512, Spokane, WA 99223. Meetings of members and directors may be held at such places within the State of Washington, County of Spokane, as may be designated by the Board of Directors.

Section 2. Purpose. The purpose for which the Association is formed is to govern the subdivision property located in the City of Spokane, State of Washington. This property is described in Exhibit "A" attached hereto and by this reference made a part hereof. Said property is further governed by a declaration entitled Declaration of Covenants, Conditions and Restrictions for Overlook at Qualchan and Overlook Village, under recording number 4561863 of the Spokane County Auditor, and any amendments thereto (hereinafter referred to as the "Declaration").

Section 3. Assent. All present and/or future owners, tenants and other persons using the facilities of the properties, in any manner, are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of dwelling units, or the mere occupancy of a dwelling unit, shall constitute ratification of these Bylaws.

Section 4. Definitions. Unless otherwise specified, all terms of the Bylaws shall have the same meaning as those used in the Declaration. The terms "Owners" and "Members" shall be used synonymously.

Section 5. Membership and Voting Rights. Membership in the Association, and the voting rights of Members, shall be governed by applicable provisions in the Declaration and these Bylaws.

ARTICLE II

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meetings of Members shall be held in January of each year, at a date and hour designated by the Board. No annual meeting of the Members shall be set on a legal holiday. At the annual meeting, there shall be elected a Board of Directors in accordance with

the provisions and requirements of Article IV of these Bylaws. Members may also transact such other business of the Association 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 by 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 a meeting and, in the case of a special meeting, the purpose for which the meeting is called, shall be delivered no fewer than ten (10) days, nor more than fifty (50) days before the date of the meeting, either personally delivered, by mail, or facsimile, at the direction of the President. If mailed, such notice shall be deemed to be delivered when deposited with the United States Postal Service, addressed to the Member's address as it appears on the records of the Association, with postage prepaid thereon.

Section 4. Quorum. The presence, in person or by proxy, of twenty percent (20%) of the Members entitled to vote shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, and these Bylaws. 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, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 5. Proxies. At all meetings of Members, each Member entitled to vote 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 conveyance by the Member of his dwelling unit.

Section 6. Vote Distribution. During the development period, as set forth in the Declaration, all Members shall be entitled to one (1) vote for each dwelling unit owned, provided that the Member is a "Member in good standing." When more than one person has an interest in a dwelling unit (hereinafter referred to as a "Co-Owner"), all Co-Owners shall be considered Members and may attend meetings of the Association, but only one Co-Owner of each dwelling unit shall be entitled to exercise the vote to which that dwelling unit is entitled. Co-Owners may, from time to time, designate in writing, a change as to the voting Member of that particular dwelling unit. Fractional votes shall not be allowed, and the vote for each dwelling unit shall be exercised, if at all, as a unit. Where no voting Co-Owner is designated, or if a designation has been revoked, the vote for such dwelling unit shall be exercised as the majority of the Co-Owners of the dwelling unit. 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 all other Co-Owners of that dwelling unit. No vote shall be cast for any dwelling unit where no majority of the Co-Owners of a dwelling unit is present, in person or by proxy.

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

- (a) Review and approval of preceding meeting Minutes;
- (b) Reports of Officers;
- (c) Reports of Committees;
- (d) Election of Board Members, as necessary;
- (e) Unfinished business;
- (f) New business; and
- (g) Adjournment.

ARTICLE III

BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number. The Association shall be managed by a board of not more than seven (7) Directors (hereinafter referred to as the "Board"). The number of Directors may be decreased by the membership, but shall not, at any time, be less than three (3) in number. No decrease in number shall have the effect of shortening the term of an incumbent Director.

Section 2. Term of Office. At least one half of the Board shall be elected annually for a one-year term and the other half shall be elected for a two-year term. In the event the Board consists of an uneven number of Directors, the uneven position shall be for a one-year term. No dwelling unit shall have more than one (1) member on the Board. No Member shall serve more than four (4) consecutive years as a Board member.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association at any regular or special meeting duly called, and a successor may then be elected to fill the vacancy. A Board member whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

Section 4. Vacancies. Vacancies on the Board, caused by any reason other than removal of a Board Member upon vote of the Association, shall be filled by vote of the majority of the remaining Board, even though they may constitute less than a quorum, and the new Board member shall serve the unexpired term of the predecessor.

Section 5. Compensation. No Director shall receive compensation for any service rendered to the Association. However, Directors may be reimbursed for actual expenses incurred in the performance of duties if the expenses have been approved by the Board.

ARTICLE IV

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nominations for election to the Board shall be made from the floor at the annual meeting. Nominations may only be made by Members who are Members in good standing.

Section 2. Election. Election to the Board shall be by written ballot unless otherwise authorized by motion. At an election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and according to Article II, Section 6, of these Bylaws. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Organizational Meetings. An organizational meeting of the Board shall be held within thirty (30) days of each annual meeting of Members, at a place and time as fixed by the Directors at the annual meeting of Members. No notice shall be necessary for the Board to legally constitute a meeting, provided a majority of the Board is present.

Section 2. Regular Meetings. Regular meetings of the Board shall be held monthly, unless cancelled by agreement and without notice, at a place and hour as determined by the Board. No meeting shall be set on a legal holiday.

Section 3. Special Meetings. Special meetings of the Board shall be held when called by the President, or by any two (2) Board members, after giving no fewer than three (3) days notice to each Board member personally, by mail, telephone, or email. The notice shall state the time, place and purpose of the meeting.

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

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

Section 6. Waiver of Notice. Before, during, or after any meeting of the Board, any Board member may, in writing, waive notice of the meeting. A waiver shall be deemed equivalent to the giving of notice. Attendance by a Board member at any meeting of the Board shall constitute a waiver of

notice of the time and place. If all Board members are present at any meeting of the Board, no notice shall be required and business may be transacted.

Section 7. Official Business. All official business submitted to the Board by other Members shall be transmitted in writing, except in the event of an emergency. Any written business shall be submitted to the Board through the President, if available, or to the Secretary, if the President is not available. The Board, if reasonably possible, shall answer, in writing, all matters submitted to it within thirty (30) days following the next meeting of the Board.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board shall have the powers and duties provided in these Bylaws, and all other powers necessary for the administration of the Association and those granted by law, and may act in any other manner, including but not limited to the following:

(a) Adopt and publish rules and regulations governing the Covenants, Conditions and Restrictions, the use of the Common Area, and the personal conduct of the Members and their guests thereon, and to establish penalties for any infractions;

(b) Suspend the voting rights and right to use of the Common Area of a Member during any period in which the Member is in default of payment of any assessment levied by the Association. Any rights may also be suspended, after notice and a hearing, for a period not to exceed sixty (60) days, for infractions of published rules and regulations;

(c) Declare a Board position vacant in the event a Board member is absent from three (3) consecutive regular meetings of the Board;

(d) Employ or contract with a professional manager to perform all, or part, of the duties and responsibilities of the Association;

(e) Delegate its powers to committees, officers, and employees;

(f) Subject to the provisions of Article VI of these Bylaws, foreclose a lien against any property for which assessments are not paid within thirty (30) days after the due date, or bring an action of law against the Member obligated to pay;

(g) Obtain for the benefit of the properties, if desirable, refuse collection, water and utility services, and assess each Member for their proportionate share of costs;

(h) Keep a complete record of all acts and corporate affairs and present a statement to the Members at the annual meeting, or any special meeting where the statement is requested, in writing, by one fourth (1/4) of the Members who are entitled to vote; and

(i) Supervise all officers, agents and employees of the Association to see that their duties are properly performed.

(j) Subject to the provisions of these Bylaws:

(1) Maintain an account for deposit of all assessments paid to the Association from which disbursements shall be made in performance of functions by the Association;

(2) Fix the amount of any common, capital or reconstruction assessment against each dwelling unit, as set forth in Article V of these Bylaws;

(3) Send written notice of any increase in the monthly assessment, or the fixing of any capital or reconstruction assessment, to each Owner of a dwelling unit against whom the assessment applies, at least twenty (20) days prior to the date the assessment is due;

(4) Collect all assessments when due;

(5) Prepare an annual balance sheet and operating statement reflecting income and expenditures of the Association for each fiscal year, including deposits and withdrawals from any account, and distribute a copy to each Member following the close of the fiscal year; and

(6) Prepare a budget of the income and expenses of the Association for the next fiscal year, at least twenty (20) days prior to the annual meeting, and distribute a copy of the budget to the Members.

(k) Upon written demand by a Member, issue a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates;

(1) As more fully provided in Article XIII, procure and maintain adequate liability and hazard insurance on property owned by the Association (including Common Area), and annually review the insurance policies maintained by the Association to ensure their adequacy;

(m) Procure and maintain adequate director's and officer's insurance;

(n) Maintain and repair, and otherwise manage the Common Areas and contract for any such services as deemed necessary; and

(o) Establish standards for architectural control to approve plans for any alteration of any dwelling unit or other improvement on the properties.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President, Vice-President, Secretary and Treasurer, who shall at all times be Members of the Board, except the position of Treasurer may be held by a non-Board member or a non-Member, and any other offices the Board may create.

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

Section 3. Term. The officers shall be elected by the Board and shall hold office for one (1) year unless an officer resigns, is removed, or is otherwise disqualified.

Section 4. Special Appointments. The Board may elect other officers as the Association may require. They shall hold office and perform duties as the Board determines.

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

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

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

Section 8. Duties. In addition to any duties prescribed by the Board, the duties of the officers are as follows:

(a) President: The President shall have all general powers and duties usually vested in the office of the President of a non-profit association, including but not limited to: Presiding at all meetings of the Association and the Board; enforcing orders and resolutions of the Board; co-signing

checks and promissory notes; and appointing committees amongst the Members to assist in conducting the Association's business.

(b) Vice-President: The Vice-President shall act for the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge other duties as may be required by the Board.

(c) Secretary: The Secretary shall record votes and keep the Minutes of all meetings and proceedings of the Board and its Members, serve notice of meetings of the Board and Members, keep current records of Members and their addresses, and perform other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit, in appropriate bank accounts, all monies of the Association and shall disburse funds as directed by resolution of the Board, keep proper books of account, obtain an annual audit of the Association books at the completion of each fiscal year, and prepare an annual budget and statement of income and expenditures to be presented to the Members at regular annual meetings.

ARTICLE VIII

BOOKS AND RECORDS

The books, records, and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Declaration, Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the registered office of the Association, where copies may be purchased for a reasonable fee.

ARTICLE IX

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessment which is not paid when due shall be deemed delinquent. If the assessment is not paid within thirty (30) days after the due date, the delinquent payment may be assessed a late charge of Twenty-Five Dollars (\$25.00). The Association may bring legal action to collect any delinquent assessment or foreclose the lien against the property. At that point in time, interest at the rate of twelve percent (12%) per annum from the delinquent date, costs, and reasonable attorney's fees shall be added to the amount of any delinquent assessment. No Member may waive, or otherwise escape, liability for any assessment by non-use of the Common Area or abandonment of a dwelling unit.

ARTICLE X

CORPORATE SEAL

The Association may have a seal, in circular form, having within its circumference the words:

OVERLOOK HOMEOWNERS ASSOCIATION.

ARTICLE XI

AMENDMENTS

The power to alter, amend, or repeal the Bylaws, or adopt new Bylaws, shall be vested in the Board. In addition, Bylaws may be amended by an affirmative vote of sixty percent (60%) of the Members present, personally or by proxy, at a regular or special meeting of the Members.

ARTICLE XII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of each year, except for the first fiscal year which began on the date of incorporation.

IN WITNESS WHEREOF, the Directors have hereunto set their hand this 19th day of December, 2007.

David A. Hayward
Paul S. Huddleston
Peter J. Johnson
Larry Friedman

Robert D. Davis
Constance Newman
