

BY-LAWS

OF

PARAMOUNT OWNERS ASSOCIATION, INC.

APRIL 28, 2004

TABLE OF CONTENTS

<u>Article</u>		
<u>No.</u>	<u>Description</u>	<u>Page No.</u>
I.	DEFINITIONS	1
II.	MEETING OF MEMBERS	3
	2.01 Place of Meeting	3
	2.02 Annual Meeting	3
	2.03 Waiver	3
	2.04 Notice of Annual Meeting	3
	2.05 Deferred Annual Meeting	3
	2.06 Special Meetings	4
	2.07 Notice of Meeting	4
	2.08 Quorum	4
	2.09 Members Entitled to Vote	4
	2.10 Temporary Adjournment	4
	2.11 Voting Record	4
	2.12 Officers of a Meeting of Members	5
	2.13 Voting Rights	5
	2.14 Voting by Certain Members	5
	2.15 Proxies	6
	2.16 Action Without a Meeting	6
	2.17 Order of Business	6
	2.18 Cumulative Voting	6
	2.19 Records	6
III.	BOARD OF DIRECTORS	7
	3.01 Number of Directors	7
	3.02 Elections--Term of Office	7
	3.03 Nominations	7
	3.04 Vacancies	7
	3.05 Meetings	8
	3.06 Quorum	8
	3.07 Action Without Meeting	9
	3.08 Adjournment	9
	3.09 Compensation	9
	3.10 Removal	9
	3.11 Presumption of Assent	9
	3.12 Powers	9
IV.	OFFICERS	10
	4.01 Authorized Officers	10
	4.02 Combining Offices	10
	4.03 Election of Officers	10
	4.04 Filling Vacancies	10

4.05	Removal	10
4.06	Resignation	10
4.07	Powers and Duties of Officers	10
	(a) President	10
	(b) Vice-President	11
	(c) Secretary	11
	(d) Treasurer	11
	(e) Assistant Secretary/Assistant Treasurer	12
4.08	Bonds	12
4.09	Salaries	12
V.	COMMITTEES	12
VI.	CONTRACTS, LOANS, CHECKS AND DEPOSITS	12
	6.01 Contracts	12
	6.02 Loans	12
	6.03 Checks, Drafts, Etc.	12
	6.04 Deposits	13
VII.	ASSESSMENTS	13
VIII.	CERTIFICATES AND TRANSFER OF MEMBERSHIPS	13
	8.01 Ownership and Certificates	13
	8.02 Transfer of Certificates	13
	8.03 Transfer--Lost Certificates	13
IX.	AMENDMENTS	14
	9.01 Board of Directors	14
	9.02 FHA/VA Approval	14
	9.03 Conflict	14
X.	GENERAL PROVISIONS	14
	10.01 Ownership Interest	14
	10.02 Suspension of Rights	14
	10.03 Taxation of Real Property	14
	10.04 Contracts	14
	10.05 Rules, Regulations and Standards	15
	10.06 Inspection of Records	15
	CERTIFICATE OF SECRETARY	16

BY-LAWS
OF
PARAMOUNT OWNERS ASSOCIATION, INC.

THESE BY-LAWS, of PARAMOUNT OWNERS ASSOCIATION, INC., an Idaho non-profit corporation, are hereby promulgated as the official By-Laws of said Association.

ARTICLE I.

DEFINITIONS

The following terms used in these By-Laws shall be defined as follows:

Articles: The Articles of Incorporation of Paramount Owners Association, Inc., an Idaho non-profit corporation, including any amendments thereto duly adopted.

Assessments: Payments required of Members of this Association as assessments as defined and required under the Master Declaration hereafter defined covering Paramount Subdivision.

Association: Paramount Owners Association, Inc., an Idaho non-profit corporation.

Board: The duly elected and qualified Board of Directors of the Association.

By-Laws: These By-Laws of the Association, including any amendments thereto duly adopted.

Class A Members: The Class A Members shall be all Owners with the exception of the Grantor. The Class A Members shall be non-voting Members of the Association until such time as voting rights of the Class B Member(s) expire, as provided in the Articles of Incorporation of the Association. Upon the Class A Members becoming entitled to voting rights, each Class A Member shall be entitled to one (1) vote for each Lot owned and when more than one (1) person holds an interest in a Lot, all such persons shall be Class A Members but the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot owned by a Class A Member(s).

Class B Members: The Class B Members shall be the Grantor (and its successors in title as specified in the definition of "Grantor," below). The Class B Members shall be entitled to one (1) vote for each Lot owned. The Class B membership and the Class B voting rights shall cease and be converted to Class A membership on the happening of the earlier of the following events: (i) when the Grantor (or its

successors in title as specified in the definition of "Grantor," below) no longer owns a Lot within the Subdivision; or (ii) January 1, 2015.

Common Area: All real property within the Subdivision in which the Association owns an interest or controls and which is held or controlled for the common use and enjoyment of all of its Members, including any recreational facilities and other improvements thereon. Unless a different meaning is necessarily implicit in the use of the term "Common Area," it shall also include any other area or improvements in or outside of the Subdivision which, pursuant to the provisions of the Master Declaration, is either required or permitted to be maintained by the Association.

Director: A duly elected and qualified member of the Board of Directors of the Association.

Grantor: Paramount Development Inc., an Idaho Corporation, and its successor(s) in title to a Lot(s), which Lot(s) is held by such successor in an unimproved condition (i.e., without a residential dwelling thereon) for resale to a builder or other person for the purpose of constructing thereon a residential dwelling, and to which successor the Grantor has specifically granted such Class B voting rights in writing; provided, that if such voting rights are not so granted, such successor shall be a Class A Member with respect to each Lot owned.

Lot: A portion of Paramount Subdivision which is subject to the Master Declaration hereafter defined, which is a legally described tract or parcel of real property within the Subdivision and subject to Assessment by the Association, and the Owner of which is a Member of the Association.

Master Declaration: The Master Declaration of Covenants, Conditions, Restrictions and Easements for Paramount Subdivision, dated April 1, 2004, recorded April 21, 2004, as Instrument 104047957, records of Ada County, Idaho, including any amendments thereto duly adopted and recorded.

Member: Any person(s) who is an Owner of a Lot within a phase of the Subdivision which is subject to the Master Declaration.

Owner: A person or persons or other legal entity or entities, including the Grantor, holding fee simple title to any real property in a phase of the Subdivision covered by the Master Declaration, and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation, but including any holder of a Mortgage or beneficiary under a Deed of Trust or other security holder in actual possession of any real property as a result of foreclosure or otherwise, and any person taking title through such security holder, by purchase at foreclosure sale or otherwise.

Subdivision: The whole of the real property described in the Master Declaration (described above) which was platted under the name "Paramount Subdivision."

ARTICLE II.

MEETING OF MEMBERS

Section 2.01. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Idaho, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A Waiver of Notice signed by all Members entitled to vote at a meeting may designate any place, either within or without the State of Idaho, as the place for the holding of such meeting. If no such designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the Association in the State of Idaho.

Section 2.02. Annual Meeting. The annual meetings of the Members for the election of a Director(s) and for the transaction of such other business as may properly come before the meeting which shall be held each year on the third (3rd) Wednesday of March of each year or, in the event a fiscal year is elected by the Board which ends on a date other than December 31, the annual meetings of the Members shall be held on the second (2nd) Wednesday of the second (2nd) month following the end of the fiscal year.

Section 2.03. Waiver. Notice of all meetings of Members shall be given to all Members entitled to vote at such meetings in the manner provided herein, but such notice may be waived either before or after the holding of a meeting.

Section 2.04. Notice of Annual Meeting. At least ten (10) days prior to the date of an annual meeting, written notice stating the place, day and hour of the meeting shall either personally or by mail, by or at the direction of the President or the Secretary or the officer or other persons calling the meeting, to each Member who, fifteen (15) days prior to the date of said annual meeting appears of record in the books of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at such Member's address as it appears on the membership books of the Association or to such other last known address of which the Association may have notice, with postage thereon.

Section 2.05. Deferred Annual Meeting. If for any reason the annual meeting of the Members be not held as herein provided, such annual meeting shall be called by the President, or by the Board, as soon as it is convenient. In the event the Board fails to call the annual meeting, any Member may make a demand in writing by registered mail addressed to an officer of the Association that such meeting be held within a reasonable time. If the annual meeting is not called within sixty (60) days following such written demand, any Member may compel the holding of such annual meeting by legal action directed against the Board as provided by law.

Section 2.06. Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, by the Board of Directors or by the Members holding not less than ten percent (10%) of the votes entitled to be cast at such meeting.

Section 2.07. Notice of Meeting. Written notice stating the place, day and hour of a meeting of Members and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall, unless otherwise prescribed by statute, 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 or the Secretary or the officer or other persons calling the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at such Member's address as it appears on the membership books of the Association or to such other last known address of which the Association may have notice, with postage thereon.

Section 2.08. Quorum. The presence of the Member(s) holding sixty percent (60%) of the total of the votes, represented in person or by proxy, shall constitute a quorum at any annual or special meeting of the Members; provided, that if a quorum is not present at a meeting duly called, the Board shall have the right to continue said meeting to a date not more than sixty (60) days after the date of scheduled meeting and at such rescheduled meeting, the presence of the Members holding ten percent (10%) of the total of the votes, represented in person or by proxy, shall constitute a quorum for all purposes. No written notice of a continued meeting shall be required. The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present shall be the act of the Members, unless the vote of a greater number is otherwise required by the Articles of Incorporation, these By-Laws, the Master Declaration or by law.

Section 2.09. Members Entitled to Vote. The Members entitled to receive notice of and to vote at any meeting of the Members shall be determined from the Association's records at the time notice is mailed but not earlier than ten (10) days prior to the last day notice may properly be mailed.

Section 2.10. Temporary Adjournment. An annual or special meeting of the Members may adjourn from time to time without new notice being given until the business is completed; and such meeting may adjourn from time to time, without further notice, if there is not present a quorum of the Members, in person or by proxy. The fact of and reason for such adjournment shall be recorded in the minutes of proceedings of the meeting.

Section 2.11. Voting Record. The officer or agent having charge of the membership books of the Association shall make a complete record of the Members entitled to vote at each meeting of Members, arranged in alphabetical order, with the address of each. Such records shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 2.12. Officers of a Meeting of Members. The presiding officer at a meeting of the Members shall be the President of the Association, or in his/her absence the Vice-President, or in the absence of both the President and the Vice-President, a chairman elected by the Members present at the meeting. The Secretary of the Association, or in his/her absence, any person appointed by the presiding officer of the meeting, shall act as Secretary of a meeting of Members.

Section 2.13. Voting Rights. Each Member of the Association holding a Class B membership shall be entitled to one (1) vote in person or by proxy for each Lot owned by said Member. The Members of the Association holding a Class A membership shall be non-voting Members of the Association until such time as voting rights of the Class B Member(s) expire. Upon the Class A Members becoming entitled to voting rights, each Class A Member shall be entitled to one (1) vote for each Lot owned and when more than one (1) person holds an interest in a Lot, all such persons shall be Class A Members but the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot owned by a Class A Member. Except in cases in which it is otherwise provided by statute, the Articles of Incorporation, the Master Declaration, or these By-Laws, a majority of the votes cast shall be required for the election and for the passage of any measure.

Section 2.14. Voting by Certain Members. Provided that a membership is otherwise entitled to vote:

- (a) A membership standing in the name of another corporation may be voted by such officer, agent or proxy as the By-Laws of such corporation may prescribe or, in the absence of such provision, as the Board of Directors of such other corporation may determine.
- (b) A membership held by an administrator, executor, guardian or conservator may be voted by such person, either in person or by proxy, without a transfer of the membership into the name of said person.
- (c) A membership standing in the name of a trustee may be voted by said trustee, either in person or by proxy.
- (d) A membership in the name of a receiver may be voted by such receiver, and a membership held by or under the control of a receiver may be voted by such receiver without the transfer thereof into the receiver's name if authority so to do be contained in the appropriate order of the court by which such receiver was appointed.
- (e) A Member whose membership is pledged shall be entitled to vote such membership until the membership has been transferred into the name of the pledgee and thereafter the pledgee shall be entitled to vote the membership so transferred.

Section 2.15. Proxies. Every Member entitled to vote or to execute any waiver or consent may do so in person or by written proxy duly executed and filed with the Secretary of the Association prior to the date of the meeting of the Members.

Section 2.16. Action Without a Meeting. Any action which, under any provisions of the Articles of Incorporation or these By-Laws may be taken at a meeting of the Members, may be taken without a meeting if authorized by a written instrument signed by all of the Members who would be entitled to notice of a meeting for such purposes. Whenever a certificate in respect to any such action is required by law to be filed in the office of the Ada County Recorder or in the office of the Secretary of State of the State of Idaho, the officer signing the same shall therein state that the action was authorized in the manner aforesaid.

Section 2.17. Order of Business. At all meetings of Members, the following order of business shall be observed, so far as consistent with the purposes of the meeting:

- (a) Calling the roll to determine the Members represented at the meeting.
- (b) Reading of notice and proof of call of meeting (or unanimous waiver thereof).
- (c) Reports of officers.
- (d) Reports of committees.
- (e) Unfinished business.
- (f) New business.
- (g) Election of Director(s).
- (h) Miscellaneous.

Section 2.18. Cumulative Voting. At each election for the persons to serve on the Board of Directors of the Association, every Member entitled to vote at such election shall have the right to vote, in person or by proxy, the number of votes to which such Member is entitled for as many persons as there are Directors to be elected and for whose election such Member has a right to vote, or to cumulate such Member's votes by giving one (1) candidate as many votes as the number of such Directors multiplied by the number of votes to which such Member is entitled, or by distributing such votes on the same principal among any number of such candidates. For the purpose of electing Directors, the majority of the total of all votes then entitled to be cast shall be required to elect a person to the Board of Directors.

Section 2.19. Records. Records of the proceedings of meetings of Members shall be kept at the registered office of the Association.

ARTICLE III.

BOARD OF DIRECTORS

Section 3.01. Number of Directors. The business of the Association shall be managed by an initial Board of Directors comprised of four (4) persons, none of whom shall be required to be a Member of the Association. The number of Directors may be increased or decreased by amendment of these By-Laws, provided that at no time shall said number of Directors be less than three (3).

Section 3.02. Elections--Term of Office. At the first annual meeting the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years, one (1) Director for a term of three (3) years and one (1) Director for a term of four (4) years; and at each annual meeting thereafter the Members shall elect one (1) Director for a term of four (4) years. Each Director so elected shall hold office for the term elected and until his/her successor is elected and qualified.

Election to the Board of Directors shall be by secret written ballot. At such election, the Members, or their proxy, may cast, in respect to each vacancy, as many votes as they are entitled to exercise by reason of their being a Member of the Association. The person(s) receiving the largest number of votes shall be elected. Cumulative voting shall be required as provided in Section 2.18, above.

Section 3.03. Nominations. Nominations for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nomination Committee shall consist of a Chairman who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the date of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 3.04. Vacancies. Vacancies in the Board of Directors shall be deemed to exist upon the death, resignation or removal from office of a Director, or if the Members increase the number of Directors and fail to elect the full number of authorized Directors.

Vacancies in the Board of Directors shall be filled by a majority of the remaining Directors, though they constitute less than a quorum of a full Board of Directors and such elected Director shall hold office until his/her successor is elected and qualified. The Members may elect his/her successor at their next annual meeting or at any special meeting thereof duly called for that purpose and held prior to the annual meeting and may do so at the meeting at which the By-Laws are amended authorizing the increase in the number of Directors. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his/her term of office.

Section 3.05. Meetings.

- (a) Regular meetings of the Board of Directors shall be held at least quarterly, or at such other intervals as may be decided by the Board of Directors from time-to-time, without notice, at the time and place as shall be designated by resolution of that Board or by written consent of a majority of the members of the Board.
- (b) Within ten (10) days following each annual meeting of Members of the Association, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of such other business as may properly come before the meeting. No formal notice of such meeting need be given.
- (c) Special meetings of the Board of Directors of the Association may be called for any purpose at any time by the President or by the Vice-President or by any two (2) Directors.
- (d) Notice of any special meeting shall be given at least three (3) days prior to the time set for such meeting by written notice delivered personally or mailed to each Director at his/her business address or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the notice is delivered to the telegraph company. Any Director may waive notice of any meeting. The attendance of a Director to a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of the business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Notice of the time and place of holding an adjourned meeting of the Board of Directors need not be given to absent Directors if the time and place be fixed at the meeting adjourned.

Section 3.06. Quorum. A majority of the duly elected and qualified Directors comprising the Board of Directors as fixed by the By-Laws shall be necessary to constitute a quorum at all meetings of the Board of Directors for the transaction of business, except to adjourn as hereinafter provided, and the actions and decisions of a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act or acts of the Board of Directors. Provided, however, that if all of the Directors shall approve the proceedings of a meeting of the Board of Directors by execution of that approval on the minutes or other records of the meeting, such meeting shall be legal regardless of the manner in which it was called, or the number of Directors present.

Section 3.07. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if, prior to such action, a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Section 3.08. Adjournment. A quorum of the Directors may adjourn any meeting of the Board of Directors to meet again at a stated day and hour; provided that in the absence of a quorum, a majority of the Directors present at the meeting, either general or special, may adjourn from time to time until a quorum shall be present and prior to the time fixed for the next regular meeting of the Board of Directors.

Section 3.09. Compensation. Directors shall not receive any salary or other compensation for their services as Directors but, by resolution of the Board, the expenses incurred in the performance of their duties may be allowed. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity as an officer, agent, employee or otherwise and receiving compensation therefor.

Section 3.10. Removal. A member of the Board of Directors, or the entire Board of Directors, may be removed, with or without cause, by a vote of a majority of the Members then entitled to vote at any election of Directors. If less than the entire Board is to be removed, no Director may be removed if the votes cast against his/her removal would be sufficient to elect him/her if then cumulatively voted on at an election of the entire Board of Directors. The removal of a Director, or the entire Board of Directors, in the manner prescribed in this Section may occur at any special meeting of the Members called for that purpose.

Section 3.11. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on any Association matters is taken shall be presumed to have assented to the action taken unless his/her dissent shall be entered in the minutes of the meeting or unless he/she shall file his/her written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.12. Powers. The property, business and affairs of the Association shall be controlled and managed by a Board of Directors and it shall have all lawful powers necessary or convenient to carry out the same unless prohibited by law, the Articles of Incorporation, these By-Laws or the Master Declaration.

ARTICLE IV.

OFFICERS

Section 4.01. Authorized Officers. The officers of the Association shall be a President and a Secretary, which shall be elected by the Board of Directors as provided in Section 4.03 of this Article. At its discretion, the Board of Directors may elect one (1) or more Vice-Presidents, a Treasurer, a general manager and such other officers and agents as may be necessary for the business of the Association and specify the duties, authority and compensation of each.

Section 4.02. Combining Offices. Any two (2) or more of the offices may be combined in one (1) person except President and Secretary; and any officer of the Association may also be manager.

Section 4.03. Election of Officers. The officers of the Association, except those appointed in accordance with Section 4.04 of this Article, shall be chosen by the Board of Directors annually at their meeting following the annual meeting of the Members as provided in Section 2.02 of Article II, hereof. Each officer shall hold office until his/her successor shall have been duly elected and shall have qualified or until his/her death or until he/she shall resign or shall have been removed in the manner provided in Section 4.05 of this Article.

Section 4.04. Filling Vacancies. A vacancy in any office from whatever cause may be filled at any regular or special meeting of the Board of Directors for the unexpired portion of the term.

Section 4.05. Removal. Any officer or agent of the Association may be removed by action of the Board of Directors at any meeting thereof by a majority vote of the Directors in office.

Section 4.06. Resignation. The resignation of any officer or agent of the Association shall become effective by written notice to the Board of Directors, President or Secretary at the time therein specified, without acceptance by the Board of Directors.

Section 4.07. Powers and Duties of Officers.

- (a) **President.** The President shall be the chief officer of the Association generally supervising the performance of all business policies adopted and approved by the Board of Directors. He/she shall be the general managing officer of the operations of the Association. He/she shall preside at all meetings of Members and the Board of Directors. He/she shall be responsible for long-term planning of financial policies of the Association and periodically shall report and recommend financial policies and programs to the Board of Directors. He/she shall have authority to employ, designate duties and supervise the activities of all employees of the Association and shall have ultimate authority to discharge any employee of the Association. He/she may sign, with attestation by the Secretary, certificates of

membership in the Association and with or without attestation any deeds, mortgages, bonds, notes, contracts or other instruments which the Board of Directors has authorized to be executed. He/she shall perform those duties and have and exercise that authority and responsibility customarily incident to the office of president of a corporation of the nature of this one and, furthermore, shall perform those special duties and functions delegated to him/her by the Board of Directors.

- (b) **Vice-President.** In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice-President (or in the event there be more than one (1) Vice-President, the Vice-Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) 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. In addition, the Vice-President shall be directly responsible to the President and shall have such authority and perform such duties as shall be assigned to him/her by the President or by the Board of Directors.
- (c) **Secretary.** The Secretary shall: (i) keep the minutes of the proceedings of the Members and of the Board of Directors in one (1) or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (iii) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents, the execution of which, on behalf of the Association, under its seal is authorized and directed by the Board of Directors; (iv) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; (v) sign with the President, or Vice-President, Membership Certificates, the issuance of which shall have been authorized by resolution of the Board of Directors; (vi) have general charge of the membership book of the Association; and (vii) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

In the event a vacancy exists in the office of Vice-President, the Secretary shall have the power and duties specified in Section 4.07(b) of this Article IV.

- (d) **Treasurer.** The Treasurer shall keep full and accurate account of the receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association and such banks and depositories as may be designated by the Board, but shall not be personally liable for the safekeeping of any funds or securities so deposited pursuant to the order of the

Board. He/she shall disburse the funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements and shall render to the President and Directors at the regular meetings of the Board and, whenever they may require, accounts of all his/her transactions as Treasurer and of the financial condition of the Association. He/she shall perform the duties usually incident to the office of Treasurer and such other duties as may be prescribed by the Board of Directors or by the President and those duties set forth in the Master Declaration.

- (e) **Assistant Secretary--Assistant Treasurer.** If and when elected, the Assistant Secretary or the Assistant Treasurer shall perform such duties and have such authority as prescribed by the President.

Section 4.08. Bonds. The Board of Directors may, by resolution, require any or all of the officers of the Association to give a bond with sufficient surety, conditioned for the faithful performance of the duties of their respective offices.

Section 4.09. Salaries. The salaries, if any, of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he/she is also a Director of the Association.

ARTICLE V.

COMMITTEES

After the right of the Grantor to do so shall expire, the Board of Directors shall appoint an Architectural Control Committee, as provided in the Master Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE VI.

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 6.01. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.

Section 6.02. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authority may be general or confined to specific instances.

Section 6.03. Checks, Drafts, Etc. All checks, drafts and other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, employee or employees,

or agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 6.04. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies and other depositories as the Board of Directors may select.

ARTICLE VII.

ASSESSMENTS

The Association shall have the right to assess, levy and collect Assessments as provided in the Master Declaration, which assessments may be enforced as provided in the said Master Declaration.

ARTICLE VIII.

CERTIFICATES AND TRANSFER OF MEMBERSHIPS

Section 8.01. Ownership and Certificates. Each Owner of a Lot in the Subdivision which is subject to the Master Declaration shall, for the duration of such ownership, be deemed a Member of the Association. As evidence of membership in the Association, the Board may issue a "certificate of membership" (hereafter "Membership Certificate") to such Owner, the form of the Membership Certificate to be as approved by the Board. The Membership Certificate, if issued, shall be signed by the President or Vice-President and also by the Secretary and sealed with the corporate seal of the Association. The failure of the Board to issue a Membership Certificate to any or all of the Members shall not deprive such Member(s) from the rights of a Member as provided in the Articles of Incorporation, these By-Laws or the Master Declaration.

Section 8.02. Transfer of Membership. The membership in the Association shall be appurtenant to the Lot owned by the Member and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said Lot shall operate automatically to transfer said membership to the new Owner thereof.

Section 8.03. Transfer--Lost Certificates. In the event that an Owner of a Lot shall sell said Lot, such Member shall, upon or prior to the transfer of possession of the Lot, deliver to the Board for cancellation the Membership Certificate, if issued by the Board, which attaches to the Lot thereby conveyed. In the event the Owner of the Lot is unable or refuses to produce the Membership Certificate as required, the buyer of the Lot in question may submit to the Board a signed affidavit stating that said affiant is the new Owner of that Lot, a description of the Lot and affirming that such new Owner has not received the Membership Certificate. Upon receipt of such an affidavit, the Board shall cancel the old Membership Certificate, if issued, change the names and other data in the Association records and reissue to the new Owner of the Lot a new Membership Certificate.

ARTICLE IX.

AMENDMENTS

Section 9.01. Board of Directors. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors, or if so provided in the Articles of Incorporation, by the Members at any regular or special meeting.

Section 9.02. FHA/VA Approval. As long as there is a Class B membership, any amendment to these By-Laws shall require the prior approval of the Federal Housing Administration and/or the Veterans Administration if required by such governmental entities.

Section 9.03. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Master Declaration and these By-Laws, the Master Declaration shall control.

ARTICLE X.

GENERAL PROVISIONS

Section 10.01. Ownership Interest. Except as may be specifically provided to the contrary in the Articles of Incorporation, these By-Laws or the Master Declaration with respect to the rights of the Class B membership, every Member shall have the same rights and interest in the Association and in the real and personal property owned by the Association and no Member can have or acquire a greater interest therein than any other Member.

Section 10.02. Suspension of Rights. The rights of a Member may be suspended or withdrawn as more particularly provided in the Master Declaration. The loss of such rights shall not relieve the Member from the Member's obligation to pay any of the Assessments properly levied by the Board. Restoration of full rights of membership must meet the conditions prescribed by the Board which may include payment of all amounts due the Association, execution and delivery of covenants and/or other security that future violations will not occur and any other terms and conditions reasonably imposed by the Board.

Section 10.03. Taxation of Real Property. The Association and the Owners shall make every effort to have each Lot subjected to its own individual real property tax and the real property taxes relating to the Common Areas owned or under the control of the Association shall be assessed against said property and shall be the sole responsibility of the Association.


Section 10.04. Contracts. The Association shall have the power to enter into any contracts and incur indebtedness on behalf of the Association, but shall be specifically limited by the limitations, if any, contained in the Articles of Incorporation, these By-Laws or the Master Declaration.

Section 10.05. Rules, Regulations and Standards. The Board shall have the power to promulgate rules, regulations and standards for its own government, to aid and assist the Board and its committees in the carrying out of duties and to set standards of design, construction, maintenance, etc., the rules of conduct of Owners and occupants and Members of the Association.

Section 10.06. Inspection of Records. The Association shall keep at its registered office records of proceedings of the Members and of the Board of Directors, a register giving the names of the Members and showing their respective last known addresses and the date on which they acquired membership and a set of the By-Laws of the Association.

Each Member shall have the right to examine in person or by agent or attorney at any reasonable time or times, for any reasonable purpose, any and all of the books and records of the Association and to make extracts therefrom.


IN WITNESS WHEREOF, the undersigned, being all of the Members of the initial Board of Directors of the Association, have approved the foregoing By-Laws of the Association and have hereunto set their hands as of the 28th day of April, 2004.



DAVID W. TURNBULL



PATRICK J. HURLEY



REBECCA A. HANKS

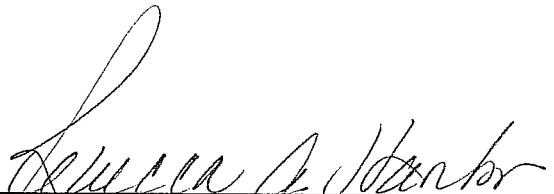


LAURA BATHE-HERRICK

CERTIFICATE OF SECRETARY

It is hereby certified that the attached By-Laws were approved and adopted by the Board of Directors of **PARAMOUNT OWNERS ASSOCIATION, INC.**, an Idaho non-profit corporation, as of the 28th day of April, 2004, by resolution of the Board of Directors without a formal meeting, and that said By-Laws have not been rescinded or modified and are in full force and effect at the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 28th day of April, 2004.



REBECCA A. HANKS, Secretary