

BYLAWS
OF
MILLCREEK HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
APPLICATION AND DEFINITIONS

These Bylaws are adopted pursuant to Title 30, Chapter 3 of the Idaho Code, for the *governance of the Millcreek Homeowners' Association, Inc. (the "Association"). Unless otherwise specifically defined herein, the words, terms and phrases herein shall have the same meaning as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements for Millcreek Subdivision, recorded as Instrument No. 94069011, records of Ada County, Idaho (hereinafter, the "Declaration").*

ARTICLE II
NAME AND PRINCIPAL OFFICE

The name of the corporation is Millcreek Homeowners' Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at Boise, Idaho, but meetings of Members and directors may be held at such places within the State of Idaho, County of Ada, as may be designated by the Board of Directors.

ARTICLE III
MEETING OF MEMBERS

Section 1 – Annual Meetings: The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association on a day and at a time and place established by the Board of Directors. Each subsequent regular annual meeting of the Members shall be held on such day of the same month in which the first annual meeting was held, as may be fixed by the Board of Directors or the President. The annual meeting shall not be scheduled on a legal holiday. Such annual meeting shall be held for the purpose of electing directors and for the transaction of such other business as may lawfully come before the meeting.

Section 2 – Special Meetings: Special meetings of the Members may be called at any time by the president or by any three (3) members of the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership.

Section 3 – Notice of Meetings: Written notice of each meeting of the Members, other than a meeting for the purpose of taking action authorized under Paragraphs 9.3 or 9.9 of the Declaration, shall be given by, or at the direction of the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's last address appearing on the books of the Association, or supplied in writing by such Member to the

Association for the purpose of notice. Such notice shall specify the place, day, and hour of meeting, and, in the case of a special meeting, the purpose of the meeting. Notice of a meeting called for the purpose of taking action authorized under Paragraph 9.3 or 9.9 of the Declaration shall be given in the time and manner set forth in Paragraph 9.9 of the Declaration.

Section 4 – Quorum: The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting.

A quorum for the purpose of taking action authorized under paragraphs 9.3 or 9.9 of the Declaration, shall be as provided for in Paragraph 9.9 of the Declaration.

Section 5 – Proxies: At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1 – Number: The affairs of this Corporation shall be managed by a Board of five (5) directors. Directors need not be Members of the Association. The number of directors may be changed by amendment of this Section of the Bylaws.

Section 2 – Term of Office: The initial five directors shall serve until the first annual meeting of the members. At the first annual meeting, the members shall elect one director for a term of one (1) year, two directors for a term of two (2) years, and two directors for a term of three (3) years. At each annual meeting thereafter, the members shall elect directors sufficient in number to fill all vacancies for a term of three (3) years.

Section 3 – Removal and Vacancy: Any director elected by the Members or appointed by elected directors may be removed from the board, with or without cause, by a vote of two-thirds (2/3) of the Members of the Association. In the event of a death, resignation or removal of a director or a vacancy on the Board for any reason, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4 – Compensation: Directors shall receive no compensation for any services they may render. However, any director may be reimbursed for actual expenses incurred in the performance of his duties.

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 written approval of such action by all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1 – Nomination: Nomination 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 Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two 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 close 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.

Section 2 – Election: Election to the Board of Directors shall be by secret written ballot. At such 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. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1 – Regular Meetings: Regular meetings of the Board of Directors shall be held without notice, at such place, intervals, date 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. Should the Board fail to provide for the time, place and date of regular meetings, then notice of such meetings shall be given in writing to each director not less than three (3) days in advance of such meeting.

Section 2 – Special Meetings: Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any three (3) directors, after not less than three (3) days notice to each director.

Section 3 – 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.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1 – Powers: The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use and maintenance of the Common Area and Common Facilities, and the personal conduct of the Members, their guests thereon, and invitees, and to establish penalties for the infraction thereof; which rules and regulations shall not be inconsistent with any provision of the Declaration.

(b) Suspend the voting rights and the rights to use the recreational Common Facilities by any Member or Owner for any period during which such Member or Owner is delinquent in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for any other infraction of any published rule or regulation of the Association.

(c) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

(d) 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.

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties.

Section 2 – Rules: It shall be the duty of the Board of Directors to:

(a) 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 at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote.

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

(c) As more fully provided in the Declaration, to:

(i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

(ii) cause written notice of each assessment to be sent to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period, and

(iii) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date, or bring an action at law against the Owner personally obligated to pay the same, (provided that such notice as is required by the Declaration, the Articles of Incorporation of the Association, or the laws of the State of Idaho has been given).

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, 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. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association.

(f) Cause all officers or employees having fiscal responsibilities to be bonded, or insured, as it may deem appropriate.

(g) Cause the Common Area and Common Facilities to be operated and maintained.

(h) Cause the Owners of the Lots to maintain the exterior of the dwellings and the yards around the dwellings, in a clean, safe and attractive manner, and in compliance with the Declaration.

(i) Generally to enforce all provisions of the Declaration as they may apply to Owners of Lots and the use and maintenance thereof.

(j) The Board of Directors shall bear the right and responsibility to enforce the provisions of the Declaration with respect to the rights and privileges of the Association and each Member thereof. The provisions of this paragraph do not impair the rights of any individual Member to enforce the provisions of the Declaration with respect to such Member.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1 – Enumeration of Offices: The officers of this Association shall be a president, who shall at all times be a member of the Board of Directors, a vice 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 Association shall be elected annually by the Board and each shall hold office for one (1) year and until a successor is appointed, unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4 – Special Appointments: The Board may elect such other officers as the affairs of the Association 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: Any officer may be removed from office with or without cause by the Board. 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. 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 so replaced.

Section 7 – Multiple Offices: The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

(a) **President:** The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes.

(b) **Vice President:** In the absence of the president, the vice president shall perform the duties of the president, and when so acting shall have the powers of the president. The vice president shall perform 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; shall keep the corporate seal of the Association, and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as may be required by the Board.

(d) **Treasurer:** The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration (subject to the provision of Article X of the Declaration that, initially, such committee shall be appointed by Declarant), and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X

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, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI
ASSESSMENTS

Section 1: As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate of two percent (2%) per month or twenty-four percent (24%) per annum, or at such other rate as the Board of Directors may determine at the time of fixing the assessment amount. The Association may 1) bring an action at law against the Owner and the Owner shall be personally obligated to pay such delinquent assessments and interest thereon; 2) foreclose the lien against the property to satisfy the said obligations; and 3) use the enforcement procedures of Article VII Section 1(b) and Section 2(c)(iii) of these Bylaws. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by failure to use the Common Area or Common Facilities or by the abandonment of his Lot or dwelling unit.

Section 2: The Board of Directors may annually retain the services of a professional organization, credit bureau, governmental agency, attorney, accountant, or other disinterested party or entity for the purpose of giving notice and collecting the annual or other assessments as may be levied from time to time by the Board of Directors. Compensation for giving such notice and collecting such dues or assessments shall be proportionate to the amount of the dues or assessments collected together with legal fees and costs incurred as a part of such collection activity. Such appointed agent is hereby authorized and empowered to use all remedies available to the Board of Directors of the Association to assist in the collection of the annual dues and other assessments excepting the suspension of membership rights.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Millcreek Homeowners' Association, Inc.

ARTICLE XIII

AMENDMENTS

Section 1: These Bylaws may be amended, at a regular or special meeting of the Members, by a majority vote of the members present in person or by proxy. Provided, however, that if HUD/VA financing is approved for any home in the subdivision, then so long as there is a Class B membership, HUD/VA has the right to veto amendments to the Bylaws.

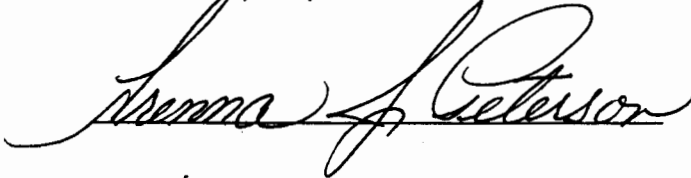
Section 2: In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

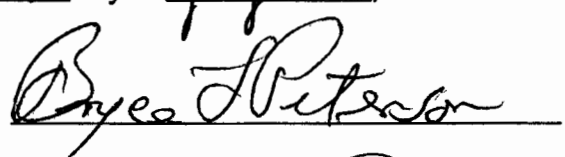
ARTICLE XIV

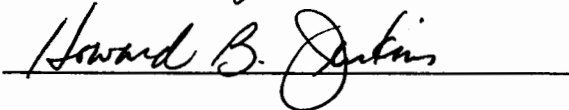
MISCELLANEOUS

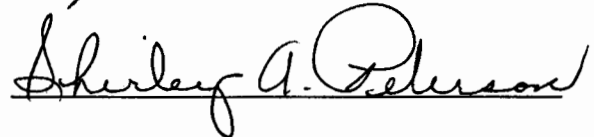
Section 1 – Fiscal Year: The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year except that the first fiscal year shall begin on the date of incorporation.

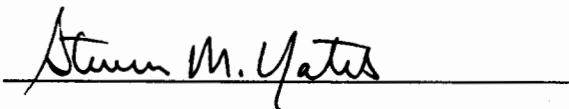
IN WITNESS WHEREOF, We, being all of the directors of the Millcreek Homeowners' Association, Inc., have hereunto set our hands this 7 day of July, 1994.











CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Millcreek Homeowners' Association, Inc., an Idaho corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 7th day of July, 1994.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 7th day of July, 1994.

Shirley A. Peterson
_____, Secretary