

BY-LAWS OF
WELLSWOOD SUBDIVISION
HOME OWNERS ASSOCIATION, INC.

ARTICLE I: MEETINGS

Section 1. Place of Meetings: All meetings of the Association shall be held in Boise, Idaho at a place mutually agreeable or as stated in the notice of the meeting.

Section 2. Annual Meetings: The annual meetings of owners for the election of officers, directors, and for the transaction of such other business as may come before the meeting shall be held on the second Tuesday of July of each year.

Section 3. Frequency of Meetings: Meetings of the Association may be held quarterly, but must be held semi-annually.

Section 4. Notice of Meetings: Notice of all meetings shall be given to all owners entitled to vote at such meetings and to any other person required by these By-Laws in writing at least five (5) days prior to said meeting, but such notice may be waived either before or after the holding of the meeting. All meetings shall be held at a time of day reasonably convenient to the owners. Notice shall be given at the members last known address appearing on the books of the Association or supplied by such member to the Association for the purpose of notice.

Section 5. Special Meetings: Special meetings may be called by any owner upon twenty-four hours (24) actual notice to the other owners, but such notice may be waived by all owners in the event of an emergency situation.

Section 6. Membership: Every person or entity who is a record owner (including contract sellers) of a fee or undivided fee interest in any lot located within said property shall by virtue of such ownership, be a member of the Association. When more than one person holds such interest in any occupied lot, all such persons shall be members. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any such lot subject to assessment by the Association.

Such ownership of any such lot shall be the sole qualification for becoming a member, and shall automatically commence upon a person becoming such owner, and shall automatically terminate and lapse when such ownership in said property shall terminate or be transferred. The Association shall maintain a member list and may require written proof of any member's lot ownership interest.

Section 6. Voting Rights: Each member shall be entitled to cast one vote or fractional vote as set forth herein for each lot in which they hold the interest required for membership. Only one vote shall be cast with respect to each lot. The vote applicable to any lot being sold under a contract of sale shall be exercised by the contract vendor unless the contract expressly provides

otherwise, and the Association has been notified, in writing, of such provision. Voting by proxy shall be permitted.

Section 7. Quorum: A quorum to conduct business shall be constituted by the presence of the owners or proxies of at least twenty percent (20%) of the total number of members of the Association. There shall be no quorum unless all units are represented by at least a one-half interest owner. If, however, such a 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 until a quorum as aforesaid shall be present or represented.

Section 8. Proxies: Every owner entitled to vote may do so either in person or by written proxy duly executed and filed with the Secretary of the Association and each owner shall sign such proxies as demanded by the initial Incorporators of the Association as set forth in the Article of Incorporation.

Section 9. Voting of Interest by Other Holders: Holders of a non-possessory security interest shall not be entitled to vote that interest. Interests held by an administrator, personal representative, guardian, conservator, or Trustee in Bankruptcy may be voted by him, either in person or by proxy, without a transfer of interest into his name.

ARTICLE II: BOARD OF DIRECTORS

Section 1. General Powers: The business and affairs of the Association shall be managed by its Board of Directors.

Section 2. Number, Tenure, and Qualifications: The number of Directors of the Association shall be three (3), who shall be elected at the annual meeting of the members by a plurality vote, for a term of one (1) year. Each Director shall hold office until the next annual meeting of owners and until his or her successor shall have been elected and qualified. Directors shall be residents of the State of Idaho and need not be members of the Association.

Section 3. Regular Meetings: A regular meeting of the Board of Directors shall be held without other notice than these By-Laws immediately after and at the same place as the annual meeting of owners. The Board of Directors may provide by resolution the time and place, either within or without the State of Idaho, for the holding of additional regular meetings without other notice than such resolution.

Section 4. Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Idaho, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice: Notice of any special meeting shall be given at least three days previously thereto by written notice delivered personally or mailed to each Director at his or her business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States Postal System, so addressed with postage thereon prepaid. If notice be

given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting. The consent in writing is signed by all the Directors attending the meeting, or the attendance of a Director at 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 any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum: Two Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 7. Manner of Acting: The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Action Without a Meeting: Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 9. Vacancies: Any vacancy occurring on the Board of Directors may be filled by the affirmative vote of the two remaining directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. Any directorship to be filled by reason of an increase in the number of Directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of Directors by the owners.

Section 10. Compensation: Directors shall not be compensated except for actual costs incurred.

Section 11. Removal: A Director of the Association, or the entire Board of Directors, may be removed by a majority vote of the owners without cause.

Section 12. Architectural Committee: The Board of Directors shall become the Architectural Committee as provided in the Declaration of Protective Restrictions and Covenants of Wellswood Subdivision upon the sale of the last lot in any future phases of Wellswood Subdivision.

ARTICLE III: OFFICERS

Section 1. Officers: The officers of the Association shall be two, President and a Secretary-Treasurer, elected by the owners. Each lot or dwelling may have no more than one officer elected from its owners.

Section 2. Duties: The President shall preside at all meetings of the Association and the Board of Directors. The Secretary-Treasurer shall maintain the minutes, books and records, accounts of the Association, and give notice of meetings as required. The Secretary-Treasurer shall keep all records of the Association, minutes of all meetings, the corporate seal, receive and deposit all funds, sign all checks and other documents entrusted to said officer, cause annual audits of

the Association by a Public Accountant, prepare budgets and statements of income and expenditures to be presented to the Board of Directors from time to time as requested and yearly to the members at the regular annual meeting, and send notices, budgets, and statements to the members at least annually prior to the annual meeting.

Section 3. Powers: The property, business, and affairs of the Association shall be managed routinely by the officers. The President shall ensure that the orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds, and other written instruments, and shall co-sign all checks and promissory notes.

Section 4. Vacancy or Removal: A vacancy may be filled, or an officer removed, by a majority vote of the owners at any meeting called for that purpose.

Section 5. Executive Meetings: Executive meetings of the Officers of the Association may be held as frequently as necessary to unanimously conduct the routine business of the Association.

ARTICLE IV: ASSOCIATION RECORDS AND REPORTS

Section 1. Records: The executive officers of the Association shall maintain adequate and correct books, records, and accounts of its business and properties, at a place designated by the President, and such shall be available upon request for inspection by any owner.

Section 2. Checks, Bank Accounts, etc.: The Association may maintain such bank accounts in its name as is deemed necessary, and all checks, transfers, or withdrawals shall be signed or endorsed by the President and Secretary-Treasurer.

Section 3. Execution of Documents: Except as otherwise proved in these By-Laws or the Declarations, the Board of Directors may authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of, and unless so authorized by the owners, no officer, agent, or employee shall have any power or authority to bind the Association contract or engagement, or to pledge its credit, or render it liable for any purpose or for any amount.

Section 4. Insurance: The Board of Directors are empowered to obtain appropriate liability, casualty, fire, errors or omissions, or other insurance to properly protect the actions of the Association or facilities maintained, owned, or controlled by the Association as a cost to the Association.

Section 5. Annual Budget: The Association shall prepare an annual budget which shall indicate anticipated management, operating, maintenance, repair, and other common expenses for the Association's next fiscal year and which shall be sufficient to pay all estimated expenses and outlays of the Association for the next calendar year growing out of, or in connection with, the maintenance and operation of common areas and improvements and may include, among other things, the cost of maintenance, management, special assessments, fire, casualty and public liability insurance, common lighting, landscaping, care of grounds, repairs, renovations, paintings to common areas, snow removal, wages, water charges, legal and accounting fees, management fees, expenses, and liabilities incurred by the Association from a previous period,

and the creation of any reasonable contingency or other reserve fund, as well as all costs and expenses relating to the common area and improvements.

ARTICLE V: GENERAL PROVISIONS

Section 1. Non-Profit Association: This Association shall be for the sole purpose of managing and maintaining the Association property and shall not be for profit. Unless specifically authorized by the owners to do otherwise, the Association shall conduct its business affairs to maintain its status as a non-profit Association according to the rules and regulations of the Internal Revenue Service then in effect. The Association shall file all reports, returns, or other documents required by the IRS or any governmental body.

Section 2. Binding Effect: These By-Laws, and any amendments or additions thereto, shall be binding upon all owners, their successors, heirs, and assigns, whether signatory hereto or not, and are deemed to be covenants which pass with the ownership interest and are binding to all successors in interest by acceptance of said interest, whether recited in the deed or other conveyance or not.

Section 3. Books and Records: The books, papers, and records of the Association shall at all times, during reasonable business hours, be subject to inspection by any member or any person designated in writing by the member to act on his behalf. A party may, upon paying a reasonable cost, obtain a copy of any documents or writings of the Association.

Section 4. Supplementary to Declarations: These By-Laws are supplementary to the authority granted to the Association by the Restrictive Covenants as specified in the Articles of Incorporation and shall not restrict, limit, or abrogate any authority declared therein. In the event of a conflict, these By-Laws as currently drafted or hereafter amended shall not invalidate or circumvent the Restrictive Covenants.

Section 5. Amendments: The By-Laws of the Association may be amended or repealed and new By-Laws may be adopted in accordance with Section 4 above by the two-thirds ($\frac{2}{3}$) vote of the owners, and by recording said amended By-Laws as required by law. Any amendment to the By-Laws shall be subject to approval by Housing and Urban Development or the Veterans Administration so long as Pioneer Investments, Inc. owns more than twenty-five percent (25%) of the lots in the Association.

ARTICLE VI: COMMON AREAS

Section 1. Operation and Maintenance: The Association shall operate, control, and maintain any common areas. The Association shall be responsible for the repairs, upkeep, maintenance, normal servicing, gardening, rules and regulations for use, care, and safety, annual planting of flowers (if any), and payment of bills and related expenses for any Common Areas.

Section 2. Dedication and Transfer: The Association shall have the right to dedicate or transfer all or any part of the common areas to any public entity, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such condition

to transfer shall be effective unless authorized by members entitled to cast two-thirds ($\frac{2}{3}$) of the majority of the votes at a special or general member's meeting and an instrument signed by the President and Secretary-Treasurer has been recorded in the appropriate county deed records, agreeing to such dedication or transfer, and unless written notice of proposed action is sent to every member not less than fifteen days (15) nor more than thirty (30) days prior to such dedication or transfer; and the Association shall have the right to suspend any voting rights for any period during which any assessment against said member's property remains unpaid; and for a period not exceeding thirty (30) days for each infraction of its published rules and regulations.

ARTICLE VII: ASSOCIATION ASSESSMENTS

Section 1. Agreement of Payment: Each owner of any lot by ratification of these covenants or by acceptance of a deed or contract of purchase therefore, whether or not it shall be so expressed in any such deed or other conveyance or agreement for conveyance, is deemed to covenant and agree to pay to the Association all assessments as set by the Association.

Section 2. Purpose of Assessments: The assessments levied by the Association shall not be used for any purpose other than the improvement and maintenance of the Landscaped and Common Areas. Subject to the above provision, the Board of Directors shall determine the use of assessment proceeds.

Section 3. Types of Assessments: The Association is authorized to establish and collect a regular assessment from its members. In addition to the regular assessments, the Association may levy in any given year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair, or replacement of a capital improvement.

Section 4. Approval of Assessments: The amount of all assessments shall be set by the Board of Directors and approved at a meeting of the members of the Association provided the assent of a two-thirds ($\frac{2}{3}$) majority of the complete votes represented by those members who are voting in person or by proxy at the meeting duly called for this purpose is obtained, written notice of which shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting setting forth the purpose of the meeting.

All regular and special assessments must be fixed at a uniform rate for all occupied lots and may be collected on an annual, quarterly, or monthly basis at the discretion of the Board of Directors.

The regular and special assessments, together with such interest thereon and cost of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time such assessment was levied. The obligation shall remain a lien on the property until paid or foreclosed, but shall not be a personal obligation of successors in title unless expressly assumed.

Section 5. Certificates of Payment: The Association shall, upon demand at any reasonable time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a particular lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payments of any assessments therein stated to have been paid.

Section 6. Delinquent Assessments: 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 date of delinquency at the rate of eighteen percent (18%) per annum.

The Secretary of the Association shall file in the office of the County Recorder, Ada County, Idaho, a lien reflecting the amount of any such charges or assessments, together with interest as aforesaid, which have become delinquent with respect to any lot on said property, and upon payment in full thereof, shall execute and file a proper release of the lien releasing the same. The aggregate amount of such assessments, together with interest, costs, expenses, and a reasonable attorney's fee for the filing and enforcement thereof, shall constitute a lien on the whole lot (including any improvement located thereon), with respect to which it is filed from the date the lien is filed in the office of the County Recorder for Ada County, Idaho, until the same has been paid or released as herein provided. Such lien may be enforced by the Association in the manner provided by law with respect to liens upon real property. The owner of said property at the time said assessment is levied shall be personally liable for the expenses, costs, and disbursements, including attorney's fees of the Declarant or of the Association as the case may be, of processing, and if necessary, enforcing such liens, all of which expense, costs, disbursements, and attorney's fees shall be secured by said lien, including all aforementioned expenses, costs, disbursements, and fees on appeal, and such owner at the time such assessment is levied shall also be liable for any deficiency remaining unpaid after any foreclosure sale. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of Common Areas or abandonment of his lot.

The sale or transfer of any lot or any other part of said property shall not affect the assessment lien. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the liening thereof.

Section 7. Exempt Property: The following property subject to this Declaration shall be exempt from the assessments created herein:

- (a) All properties expressly dedicated to and accepted by a local public authority;
- (b) Any other properties owned by the Association.

