

BYLAWS
OF
HANLEY LOFTS CONDOMINIUM ASSOCIATION

ARTICLE I
PLAN OF OWNERSHIP

Section 1. Name and Location. The name of this association ("**Association**") is Hanley Lofts Condominium Association. The principal office of the Association is in Kootenai County, Idaho.

Section 2. Application to Project. The provisions of these Bylaws are applicable to that residential condominium project known as the Hanley Lofts Condominiums located in Kootenai County, Idaho. All present and future Owners, and their tenants, guests, and invitees, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in the Declaration of Covenants, Conditions and Restrictions for the Property (as it may be amended from time to time, the "**Declaration**") to be recorded in the Kootenai County Recorder's Office, in these Bylaws, and in the remaining Project Documents. The mere acquisition or rental of any Unit, or the mere act of occupancy of any Unit will signify that these Bylaws and all Project Documents are accepted, ratified, and will be observed.

Section 3. Declaration and Meaning of Terms. The Declaration (including its provisions relating to the governance of the Association) are incorporated into these Bylaws by this reference. Capitalized terms used, but not defined, in these Bylaws will have the meanings that are ascribed to them in the Declaration.

ARTICLE II
MEMBERSHIP; MEETINGS AND VOTING RIGHTS

Section 1. Classes of Membership. The Association will initially have two classes of Members:

- a. Class A Membership. Owners of Units, other than Declarant, are Class A Members. Each Class A Member will be entitled to cast one vote (1) for each Unit owned by such Class A Member on the date of the vote.
- b. Class B Membership. Declarant is the Class B Member, and shall be entitled to ten (10) votes per Unit owned by Declarant on the date of the vote; provided, however, that upon the termination of the period of Declarant Control, Declarant, if still an Owner of a Unit or Units, will become a Class A Member and will be entitled to one (1) vote for each Unit owned, and the Class B membership will cease to exist.

Section 2. Voting Requirements. Except when otherwise expressly provided in the Declaration, the Articles of Incorporation ("**Articles**") or these Bylaws, any action by the Association which

must have the approval of the Association membership before being undertaken requires the vote or written assent of the prescribed percentage of a quorum of the membership. Except on matters specifically provided for in the Declaration, the Articles, or these Bylaws, the vote of a majority of a quorum present at any meeting, in person or by proxy, constitutes the vote of the Members.

Section 3. Multiple Owners. If only one of the multiple Owners of a Unit is present at a meeting of the Association, the Owner is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Owners is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There will be deemed to be a majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. If no majority agreement is obtained, no votes cast by that Unit will be counted.

Section 4. Quorum. The presence in person or by proxy of at least twenty percent (20%) of the total voting power (and the presence of the Declarant, where the Declarant holds at least 20% of the total voting power) constitutes a quorum. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum (provided that the Declarant must be present at all times in order for business to be conducted, when the Declarant holds at least 20% of the total voting power).

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. All proxies must be in writing and filed with the Secretary before the appointed time of each meeting. Unless stated otherwise in the proxy, a proxy terminates eleven (11) months after its date of issuance. Every proxy is revocable and automatically ceases upon receipt of notice by the Secretary of the Association of the death or judicially declared incompetence of such Member. A proxy is void if it is not dated or purports to be revocable without notice.

Section 6. Ballots. Any action that may be taken at any meeting of the Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. Ballots may be sent electronically. The ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action. The solicitation for votes by ballot must indicate the number of responses needed to meet quorum requirements, state the percentage of approvals necessary to approve each matter (other than election of Directors) and specify the time by which a ballot must be received by the Association in order to be counted. Approval by written ballot when a meeting is not held shall be valid only when the number of votes cast by ballot equals or exceeds that quorum required to be present at a meeting authorizing the action and when the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. A written ballot may not be revoked.

Section 7. Action by Written Consent. In addition to voting by ballot, as provided above, any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by Members holding at least eighty percent (80%) of the total voting power of the Association.

Section 8 Annual and Regular Membership Meetings. An Annual Membership Meeting shall be held in September or any other time deemed appropriate by the Board provided an Annual Membership Meeting is held each calendar year ("**Annual Membership Meeting**"). At the Annual Membership Meeting, Members shall elect Directors as set forth in Article III and the President or Treasurer shall report on the account activities and financial condition of the Association. Regular Membership Meetings shall be

held at any time deemed appropriate by the Board ("**Regular Membership Meeting**"). Notice of an Annual or Regular Membership Meeting shall be given according to Article II, Section 10 and must also include a description of any matters or matters that must be approved by the members under I.C. §§ 30-22-203, 30-22-303, 30-22-403, 30-22-503, 30-30-619, 30-30-626, 30-30-703, 30-30-709, 30-30-903 or 30-30-1003. At Annual Membership Meetings and Regular Membership Meetings, Members shall consider and act upon such matters as may be raised consistent the notice requirements set forth in this Section 8.

Section 9 Special Membership Meetings A Special Membership Meeting may be called by (i) the President, (ii) any two (2) members of the Board, or (iii) the Board upon receipt of a written request signed by Members representing not less than fifteen percent (15%) of the total voting power of the Association ("**Special Membership Meeting**"). Notice of a Special Membership Meeting shall be given according to Article II, Section 10 and must also include a description of the matter or matters for which the meeting is called. If a person entitled to call a Special Membership Meeting submits a written request to the Secretary or President at least ten (10) days before the Association gives notice of the meeting and the request includes a detailed description of the matter the member intends to raise at the meeting, then the Association shall include this matter on the meeting notice. Only those matters that are within the purpose or purposes described in the meeting notice may be conducted at a Special Membership Meeting.

Section 10. Notice of Membership Meetings. The Association shall give notice of Annual Membership Meetings, Regular Membership Meetings and Special Membership Meetings (collectively, "**Membership Meetings**") to Members no fewer than ten (10) days and no more than sixty (60) days before the meeting date. Notice for Membership Meetings must include the place, date, and time of the meeting. Notice may be sent by electronic transmission (including email) or otherwise by first class mail. Notice shall also be delivered to any Mortgagee who complies with the provisions of the Declaration relating to Mortgagee notices.

Section 11 Location of Membership Meetings A Membership Meeting may be held within the Property, as close to the Property as is reasonable or through the use of any means of communication by which all Members and Directors participating may simultaneously hear each other during the meeting. A Member or Director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 12. Adjournment. In the absence of a quorum at a Membership Meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. If a meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place if a new date, time, or place is announced at the meeting before adjournment. If a meeting is adjourned, a meeting may be held the same day after the preceding meeting was adjourned. The quorum for such a reconvened meeting shall be fifteen percent (15%) of the total voting power of the Association (and the presence of the Declarant, where the Declarant holds at least 25% of the total voting power).

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number and Term of Directors. The initial Board shall be appointed by the Declarant and will consist of three (3) Directors (each a "**Director**" and collectively the "**Directors**") that need not be Owners. Upon turnover of the Association from the Declarant to the Members, the Board shall consist of three (3) Directors, which shall also be Owners. Directors are elected by the Members at the first Annual Membership Meeting preceding the Declarant turnover.

Subject to the right of the Declarant to appoint Directors as provided below and in the Declaration, each Director shall serve a two (2) year term unless he or she sooner resigns, or is removed, or otherwise is disqualified to serve. Terms are staggered. The first Board elected by the Membership will assign a two (2) year term to the two Directors that receive the highest number of votes. The Director that receives the lowest number of votes will serve a one (1) year term.

Section 2. Election of Directors; Declarant Control. To provide the Declarant reasonable control during development and sale of Units, the Declarant has the right to appoint Directors, according to the following:

- a. Until sixty (60) days after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, Declarant shall appoint all Directors.
- b. Commencing sixty (60) days after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, at least two (2) Directors shall be elected by the Members other than Declarant;
- c. The period of Declarant control will terminate automatically on the earliest of: (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Owners other than Declarant; (ii) two (2) years after the last conveyance or transfer of record of any Unit except as security for a debt; (iii) five (5) years following the first conveyance of any Unit; or (iv) the date on which Declarant records an amendment to this Declaration voluntarily surrendering the right to appoint Directors. Within thirty (30) days following termination of Declarant control, the Members shall elect a Board of Directors.

Section 3. Election of Directors. Subject to the right of the Declarant to appoint Directors, as provided in Article 3, Section 2, Directors shall be elected as follows:

- a. Nomination. Nominations for election to the Board shall be submitted during the nomination period outlined in the Membership Meeting notice or from the floor of the Membership Meeting at which the election is to take place. Additionally, the Board may appoint a Nominating Committee, which shall consist of a chairman, who shall be a Member of the Board, and two (2) or more Members of the Association ("**Nominating Committee**"). If the Board determines to appoint a Nominating Committee, the Committee shall be appointed at least ninety (90) days prior to each Annual Membership Meeting, to serve until the close of such meeting and shall make as many nominations for election to the Board as it shall, in its discretion, determine but not less than the number of vacancies that are to be filled.
- b. Election of Directors. Elections of Directors will be by a single secret written ballot, with each Owner(s) being entitled to voting their allocated interest for each open position (non-cumulative). The candidate(s) that receive(s) the most votes is elected.

Section 4. Removal. Except for a Director appointed by the Declarant, an individual Director may be removed prior to the expiration of his or her term by the vote of two-thirds (2/3) of the total voting power of the Association present and entitled to vote at any Membership Meeting at which a quorum is present. A Director appointed by the Declarant may be removed only by the Declarant or upon the expiration of the Declarant's control. The Declarant may not remove any Director elected by the other Owners.

Section 5. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director will be filled by vote of the majority of the remaining Directors, or, in the case of a Director

appointed by the Declarant, by a new appointment by the Declarant. Each person so appointed shall be a Director for the remainder of the term of the Director he or she replaces, or until a successor is elected at an Annual Membership Meeting or Special Membership Meeting called for that purpose.

Section 6. Regular Board Meetings. The Board shall conduct Regular Board Meetings at least quarterly at a time and place fixed by the Board ("**Regular Board Meeting**") A Regular Board Meeting shall be held within ten (10) days following the Annual Membership Meeting to assign Officer positions to the newly elected Directors. Notice of the time and place of Board Meetings shall be given to each Director at least five (5) days prior to the meeting. Notice may be sent electronically or otherwise by first class US Post.

Section 7. Special Board Meetings. Special Board Meetings may be called by written notice signed by the President of the Association or by any two (2) Directors other than the President ("**Special Board Meeting**"). Notice shall be provided to all Directors at least two (2) days prior to the day designated for the meeting, in the manner prescribed for notice of Regular Board Meetings, and shall include a description of the nature of any special business to be considered by the Board. Members are not entitled to notice of Regular or Special Board Meetings. If a Member submits a written request to the Secretary or President at least two (2) days before a ~~the~~ meeting, the Board may permit that Member to attend or participate at the Board Meeting. The Board Meeting may be within the Property or as close thereto as is reasonable or through the use of any means of communication by which all Members and Directors participating may simultaneously hear each other during the meeting. A Member or Director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 8. Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to that Director. Attendance by a Director at any meeting of the Board will be a waiver of notice by him or her of the time and place of the meeting, except where such attendance is for the limited and express purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

Section 9. Quorum. The presence in person of a majority of the Directors at any meeting of the Board constitutes a quorum. The vote of a majority of the quorum actually present at any meeting constitutes the vote of the Board unless expressly provided to the contrary in these Bylaws. However, while the Declarant retains the power to appoint a majority of the Board, any Board action requires the approval of a majority of the Directors appointed by the Declarant who are present at the meeting.

Section 10. Action by Consent of Directors. Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors entitled to vote execute a consent in writing to such action. Such consent has the same force and effect as a unanimous vote.

Section 11. Adjournment; Executive Session. The Board may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board has the powers and duties necessary for the administration of the affairs of the Association. A Director shall discharge his or her duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner the Director reasonably believes to be in the best interests of the Association.

Subject to Special Declarant Rights, Special Development Rights and any other rights reserved by the Declarant as set forth in Article 14 of the Declaration, the Board is vested with and responsible for the powers and duties set forth in the Project Documents, some of which are noted below;

To select, appoint, supervise, and remove all Officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Project Documents, and to require from them security for faithful service when deemed advisable by the Board;

To enforce the applicable provisions of the Project Documents, and other instruments relating to the ownership, management and control of the Property;

To adopt and publish rules and regulations governing the use of any Common Elements, and the personal conduct of the Members and their tenants, guests and invitees thereon, and to establish procedures and penalties for the infraction thereof, subject to approval of the membership;

To pay all taxes and assessments which are, or could become, a lien on any Common Elements or a portion thereof;

To contract for casualty, liability and other insurance on behalf of the Association as required or permitted in the Declaration;

To regulate the use, maintenance, repair, replacement, and modification of Common Elements and to grant easements, leases licenses and similar rights through or over the Common Elements;

To cause additional improvements to be made as a part of the Common Elements;
To impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in the Declaration, and for services provided to Unit Owners;

To adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses and/or special charges for maintenance work on Limited Common Elements from Owners;

To maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Element not included in maintenance work, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or preserve the appearance and value of the Condominium, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to Owner; provided that the Board shall levy a special charge against the Unit of such Owner for the cost of such maintenance or repair;

To delegate its powers to committees, Officers or employees of the Association, or to a management company pursuant to a written contract, as expressly authorized by the Project Documents;

To keep complete and accurate books and records of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures; to provide for independent audits as required by law and these Bylaws;

To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Project Documents, in accordance with procedures set forth in these Bylaws;

To borrow money and incur indebtedness for purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes or other evidences of debt, subject to the approval requirements of the Project Documents and any applicable law;

To fix and collect Regular, Extraordinary, and Special Assessments according to the Declaration and these Bylaws, and, if deemed appropriate in the Board's discretion, to record a notice of Assessment lien and/or foreclose the lien against any Unit for which an Assessment is not paid within thirty (30) days after the due date, or bring an action at law against the Owner personally obligated to pay such Assessment;

To prepare and file annual tax returns with the federal and state governments and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor or similar statute conferring income tax benefits on homeowners associations; and

To acquire, hold, encumber and convey in the Association's name any right, title or interest to personal property.

ARTICLE V

OFFICERS

Section 1. Enumeration and Term. The Officers of the Association shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as the Board may, from time to time, by resolution create ("**Officers**"). The Officers shall be elected annually by the Board and each shall hold office for one (1) year unless he or she sooner resigns, or is removed, or otherwise is disqualified to serve.

Section 2. Election of Officers. The election of Officers will take place at the first Regular Board Meeting following each Annual Membership Meeting.

Section 3. Resignation and Removal. Any Officer may be removed from office by a majority of the Board at any time with or without cause. Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he or she replaces.

Section 5. Multiple Offices. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 6. Duties. In the performance of their duties, Officers are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of the Owners; or (b) if elected by the Owners, ordinary and reasonable care. The duties of the Officers are as follows:

a. President. The President shall preside at all meetings of the Association and the Board; shall see that orders and resolutions of the Board are carried out; shall sign all agreements and other written instruments, and shall sign checks (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company).

b. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

c. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

d. Treasurer. The Treasurer shall receive and deposit, in appropriate bank accounts, all monies of the Association and shall disburse such funds as directed by resolution of the Board pursuant to approval of vouchers, when appropriate; sign checks and promissory notes of the Association; and shall keep proper books of account and prepare or have prepared financial statements and tax returns as required in these Bylaws. The duty of the Treasurer to receive and deposit funds and to co-sign checks in the ordinary course of Association business may be delegated to a management company as provided in these Bylaws.

Section 7. Execution of Instruments. The President or Secretary have the power to execute and deliver on behalf of and in the name of the Association any instrument requiring the signature of an Officer of the Association, except where the execution and delivery thereof shall be expressly delegated by the Board to some other Officer or agent of the Association. Unless authorized to do so by these Bylaws or by the Board, no Officer, agent, or employee has any power or authority to bind the Association in any way, to pledge its credit, or to render it liable for any purpose or in any amount.

ARTICLE VI

DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS

The Association has no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of that Owner's Unit on account of a failure by the Owner to comply with provisions of the Project Documents, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association. Notwithstanding the foregoing, the Board has the power to impose reasonable monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association (e.g., voting rights, or right to use the Common Elements, other than Limited Common

Elements appurtenant to the Owner's Unit) or other appropriate discipline for failure to comply with the Project Documents; provided that pursuant to I.C. § 55-115(2) and I.C. § 30-30-409, the accused shall be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. An affirmative majority vote of the Board is required prior to imposing any fine on a Member for a violation of any covenants and restrictions pursuant to any rules and regulations of the Association. In the case in which monetary penalties are to be imposed, such penalties will include actual attorneys' fees and all costs in connection with the collection of such penalties to the fullest extent permitted by Idaho law.

ARTICLE VII

BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

Section 1. Budgets and Financial Statements. Financial statements and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association. The budget shall be ratified unless rejected by a supermajority vote of the Members, as set forth in the Declaration. The Board may provide for an independent audit of the financial statements of the Association at any time. If the Board determines not to have an independent audit, any Mortgagee may decide to have an audit prepared at its expense.

Section 2. Fiscal Year. The fiscal year of the Association will be as designated by resolution of the Board. In the absence of such a resolution, the fiscal year is the calendar year.

Section 3. Inspection of Association's Books and Records. The membership register, books of account, vouchers authorizing payments, minutes of meetings of the Members, of the Board, and of committees of the Board of the Association, and copies of the current Declaration, Articles, Bylaws and rules and regulations for the Property shall be made available for inspection and copying by any Member of the Association, by any Mortgagee, or by a duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within or near the Property as the Board shall prescribe. Such inspection may take place on weekdays during normal business hours, following at least ten (10) days written notice to the Board by the Member desiring to make the inspection. Any Member or other person desiring copies of any document shall pay the reasonable cost of reproduction. Every Director has the right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

Section 4. Statement of Account. Pursuant to I.C. § 55-1528, the Association shall provide an Owner a statement of the Owner's account not more than five (5) business days after receipt of a request by the Owner is received by an Officer or Board Member. The statement of the account shall include the amount of annual charges against the unit, the date when said amounts are due, and any unpaid assessments or other charges due and owing from such Owner at the time of the request.

ARTICLE VIII

AMENDMENT OF BYLAWS

These Bylaws may be amended at any time and in any manner by resolution approved by a majority of the Directors, subject to repeal or change by action of a majority of the total voting power of the Members, provided any such amendment may not be inconsistent with the Articles, the Declaration, or the law.

ARTICLE IX

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 1. Definitions. As used in this Article, terms shall have the definitions set forth in the Declaration. Additionally, the following definitions shall apply:

- a. "**Another Enterprise**" means a corporation (other than the Association), partnership, joint venture, trust, association, committee, employee benefit plan, or other group or entity.
- b. "**Director**" means each person who is or was a director of the Association or an individual who, while a director of the Association, is or was serving, at the request of the Association, as a director, officer, partner, trustee, employee, or agent of Another Enterprise.
- c. "**Expenses**" includes, without limitation, counsel fees.
- d. "**Indemnitee**" means each person who was, is, or is threatened to be made a party to or is involved (including without limitation as a witness) in any Proceeding because the person is or was a director, officer, employee, or agent of the Association and who possesses indemnification rights pursuant to the Articles, these Bylaws or other corporate action. The term shall also include, for officers, employees, or agents, service at the Association's request as a director, officer, partner, trustee, employee, or agent of Another Enterprise.
- e. "**Loss**" means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable Expenses incurred with respect to a Proceeding.
- f. "**Party**" includes an individual who was, is, or is threatened to be named a defendant or respondent in a Proceeding.
- g. "**Proceeding**" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative.

Section 2. Right to Indemnification. The Association shall indemnify and hold each Director and Officer harmless against any and all Loss except for Losses arising out of:

- a. The Indemnitee's acts or omissions finally adjudged to be intentional misconduct, a violation of the Indemnitee's duties to the Association or a knowing violation of law (unless and only to the extent that the court in a legal action determines upon application that, despite the adjudication of liability buy in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that such court shall deem proper); or
- b. Any transaction in which it is finally adjudged that the Indemnitee personally received a benefit in money, property, or services to which the Indemnitee was not legally entitled.

The Association shall not indemnify an Indemnitee in connection with a Proceeding (or part thereof) initiated by the Indemnitee unless such Proceeding (or part thereof) was authorized by the Board. If, after the effective date of this Article, the Act is amended to authorize further indemnification of

Directors or Officers, then Directors and Officers of this Association shall be indemnified to the fullest extent permitted by the Act, as so amended.

Section 3. Contribution. If the indemnification provided in Section 2 of this Article is not available to be paid to Indemnitee for any reason other than those set forth in subparagraphs a and b of Section 2 of this Article (for example, because indemnification is held to be against public policy even though otherwise permitted under Section 2) then in respect of any Proceeding in which the Association is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Association shall contribute to the amount of loss paid or payable by Indemnitee in such proportion as is appropriate to reflect:

a. The relative benefits received by the Association on the one hand and the Indemnitee on the other hand from the transaction from which such Proceeding arose; and

b. The relative fault of the Association on the one hand and the Indemnitee on the other hand in connection with the events which resulted in such loss, as well as any other relevant equitable consideration.

The relative fault of the Association on the one hand and the Indemnitee on the other shall be determined by a court of appropriate jurisdiction (which may be the same court in which the Proceeding took place) with reference to, among other things, the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent the circumstances resulting in such loss. Association agrees that it would not be just and equitable if contribution pursuant to this Section 3 was determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

Section 4. Notification and Defense of Claim. Promptly after receipt by Indemnitee of notice of commencement of any Proceeding, Indemnitee must, if a claim in respect thereof is to be made against the Association under this Article, notify the Association of the commencement thereof; with respect to any such Proceeding as to which Indemnitee has notified Association of the commencement thereof:

a. The Association will be entitled to participate therein at its own expense;

b. Except as otherwise provided below, to the extent that it may wish, the Association, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. After notice from the Association to Indemnitee of its election to assume the defense thereof, the Association will not be liable to Indemnitee under this Article for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof, other than reasonable costs of investigation or as otherwise provided below. Indemnitee has the right to employ its counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Association of its assumption of the defense thereof shall be at the expense of Indemnitee unless:

(1) The employment of counsel by Indemnitee has been authorized by the Association;

(2) Indemnitee has reasonably concluded that there may be a conflict of interest between the Association and Indemnitee in the conduct of the defense of such Proceeding; or

(3) The Association has not in fact have employed counsel to assume the defense of such Proceeding, in any of which cases the fees and expenses of counsel shall be at the expense of the Association.

The Association is not entitled to assume the defense of any Proceeding brought by or on behalf of the Association or as to which Indemnitee has made the conclusion provided in (2) of this subparagraph; and

c. The Association is not indemnifying Indemnitee under this Article for any amounts paid in settlement of any Proceeding affected without its written consent. The Association may not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Association nor Indemnitee will unreasonably withhold its consent to a proposed settlement.

Section 5. Right of Indemnitee to Bring Suit. If a claim under this Article is not paid in full by the Association within sixty (60) days after a written claim has been received by the Association, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the Indemnitee is entitled to be also paid the expense of prosecuting such claim.

Neither the failure of the Association (including its Directors, its Members, or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification of or reimbursement or advancement of expenses to the Indemnitee is proper in the circumstances, nor an actual determination by the Association (including its Directors, its Members, or independent legal counsel) that the Indemnitee is not entitled to indemnification or to the reimbursement or advancement of expenses, is a defense to the Proceeding or create a presumption that the Indemnitee is not so entitled.

Section 6. Indemnification of Employees and Agents of the Association. The Association may, by action of its Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of an action to employees and agents of the Association, with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and Officers of the Association or pursuant to rights granted pursuant to, or provided by, the Act or otherwise.

Section 7. Contract Right. Rights of indemnification under this Article continue as to an Indemnitee who has ceased to be a Director or Officer, as long as Indemnitee is subject to any possible action, by reason of the fact that Indemnitee was a Director or Officer of the Association or serving in any other capacity referred to herein, and inures to the benefit of his or her heirs, executors, and administrators.

The right to indemnification conferred in this Article is a contract right upon which each Director or Officer is presumed to have relied in determining to serve or to continue to serve as such. Any amendment to or repeal of this Article does not adversely affect any right or protection of a Director or Officer of the Association for or with respect to any acts or omissions of such Director or Officer occurring prior to such amendment or repeal.

Section 8. Severability. If any provision of this Article or any application thereof is invalid, unenforceable or contrary to applicable law, the remainder of this Article, or the application of such provisions to persons or circumstances other than those as to which it is held invalid, unenforceable, or contrary to applicable law, are not be affected thereby and will continue in full force and effect.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1. Compensation of Officers and Directors. No Director or Officer shall receive any loan from the Association, or shall receive any compensation for services rendered for or on behalf of the Association, except reimbursement for actual sums spent on behalf of the Association, to the extent authorized by the Board.

Section 2. Committees. The Board may appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purpose; provided, however, that the power and authority of any such committee is limited according to Idaho law.

Section 3. Use of Agent. The Board, on behalf of the Association, may contract with a professional management agent for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board, subject to such limitations as may be set forth in the Declaration.

Section 4. Notices. Any notice permitted or required to be given by the Project Documents shall be delivered personally, electronically transmitted (including email), by first class mail or as otherwise specifically provided in the Project Documents or allowed by the Act. If notice is electronically transmitted, it will be deemed to have been received when it is sent to the email address given by such person to the Secretary of the Association. If delivery is by mail, it shall be deemed to have been given forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the Unit of such person if no address has been given to the Secretary.

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ADOPTION OF BYLAWS

We, the undersigned, being all of the Directors of Hanley Lofts Condominium Association, do hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said Association.

EXECUTED by the undersigned on May 9, 2022.



ANDREW A BENADO



JENNIFER M. FRANK CHAPARRO

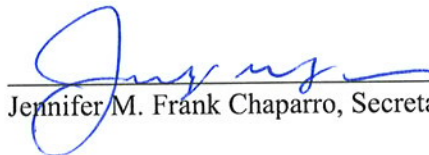


JOSEPH M. FRANK

I, the undersigned, the duly elected and acting Secretary of Hanley Lofts Condominium Association, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said Association on May 9 2022, and that the same do constitute the Bylaws of said Association.

EXECUTED by the undersigned on May 9, 2022



Jennifer M. Frank Chaparro, Secretary

UNANIMOUS CONSENT OF DIRECTORS AND MEMBER

OF

HANLEY LOFTS CONDOMINIUM ASSOCIATION

The undersigned Directors, being all of the Directors named in the Articles of Incorporation of Hanley Lofts Condominium Association ("**Association**"), and the sole Member of the Association, of in lieu of an organizational meeting and pursuant to the Idaho Nonprofit Corporation Act, Title 30, Chapter 30, Idaho Code ("**Act**"), do hereby consent to adopt, and we hereby adopt, the following resolutions:

- i) WHEREAS, the Directors have reviewed proposed Bylaws relating to the business of the Association, the conduct of its affairs, its rights and powers and the rights and powers of its Members, Directors and Officers;

NOW, THEREFORE, BE IT RESOLVED, that the Bylaws, as reviewed by the Directors, are hereby adopted as and for the Bylaws of the Association. The Secretary is directed to cause a certified copy to be inserted in the Minute Book immediately following the Articles of Incorporation.

- ii) RESOLVED, that the following persons were unanimously elected to serve as the Officers of the Association, to hold office until the first annual meeting of Members and until their successors are duly elected and qualified:

President	JOSEPH M. FRANK
Vice-President	ANDREW A BENADO
Secretary	JENNIFER M. FRANK CHAPARRO
Treasurer	JENNIFER M. FRANK CHAPARRO

- iii) RESOLVED, that the President of this Association is hereby authorized to pay all charges and expenses incident to or arising out of the organization of this Association, and to reimburse the persons who have made any disbursements therefor.
- iv) RESOLVED, that Banner Bank, 1221 N Liberty Lake Road, Liberty Lake Branch, is hereby selected as the bank of and for the depository for the funds of this Association, which may be withdrawn on checks, drafts, or advices of debit given or signed under the corporate name by the President and Treasurer, who are hereby authorized to draw and accept drafts, and to execute contracts and other agreements between the bank and the Association, and to make, collect, discount, negotiate, endorse and assign in the corporate name, all checks, drafts, notes and other paper payable to or by this Association. All such paper, signed as aforesaid, including checks payable to the order of any one or more of said persons or the bearer shall be honored by the bank and charged to the corporate account. Endorsement for deposit may be made by stamp or other signature reproduction and will bind the Association to

the same effect as though signed by the properly authorized Officers. This authority shall continue in force until notice in writing of its revocation shall have been given to and received by the bank. All transactions aforesaid, which have taken place heretofore are hereby confirmed and ratified.

- v) RESOLVED, that the Association shall conduct its affairs on the basis of a calendar year, and shall maintain its accounting records on a cash basis.
- vi) RESOLVED, that the President and Treasurer are hereby authorized and directed to execute, on behalf of the Association, all such elections as are available to reduce or eliminate the tax liability of the Association including, without limitation, an election under Section 528 of the Internal Revenue Code. In connection therewith, the Board shall take such steps as are necessary to assure that the Association qualifies for such election or elections.
- vii) RESOLVED, that pursuant to I.C. § 30-30-104, the Directors and Member authorize any notices authorized or required under the Act, the Association's Articles of Incorporation or Bylaws or the Declaration of Covenants, conditions and Restrictions for Hanley Lofts may be delivered via email to the most recent email address of the recipient contained in the Association's books and records.

We duly execute and sign this Consent in lieu of holding, conducting and attending meetings of the Directors and the Member.

We further authorize and direct the Officers of the Association to take all action necessary and proper to effect the proposed corporate action. We hereby state that this Consent has the same force and effect as the unanimous vote of the Directors at a Directors' meeting and the Member at a Member's meeting.

This Consent may be executed in counterparts.

DATED this 9 day of May, 2022.

DIRECTORS:



ANDREW A BENADO




JENNIFER M. FRANK CHAPARRO



JOSEPH M. FRANK

MEMBER:

HANLEY LOFTS, LLC
an Idaho limited liability company

By: 

Name: Andrew Benado
Title: Member