

BYLAWS
OF
LAKELAND HILLS HOMEOWNERS ASSOCIATION

ARTICLE I

Definitions

1. "Association" means and refers to the LAKELAND HILLS HOMEOWNERS ASSOCIATION, a non-profit corporation organized and existing under the laws of the State of Washington.

2. "The Properties" shall mean and refer to:

The Plat of LAKELAND HILLS, DIVISION 1 and 2, according to plat recorded in Volume 126 of Plats, pages 1 through 5, records of King County, Washington,

The Plat of LAKELAND HILLS, DIVISION 4A, according to plat recorded in Volume 137 of Plats, page 15, records of King County, Washington, under recording number 8909221779,

and such additions thereto as may hereafter be brought within the jurisdiction of this corporation by annexation as provided in Article VI of the Articles of Incorporation for Lakeland Hills Homeowners Association.

3. "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of the Properties and intended to be devoted to the common use and enjoyment of the owners of The Properties.

4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of The Properties with the exception of Common Properties as heretofore defined.

5. "Owner" shall mean and refer to the record owners, whether one or more persons or entities, of the fee simple title to any Lot or Living Unit situated upon the Properties, but notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

6. "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article III of the Articles of Incorporation for the Lakeland Hills Homeowners Association.

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ARTICLE II

Location

1. The principal address of the Association shall be P. O. Box 1491, Auburn, Washington 98071.

ARTICLE III

Membership

Every person or entity who is a record owner of a fee, or undivided fee, interest in any Lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

ARTICLE IV

Voting Rights

Members shall be entitled to one vote for each Lot in which they hold the interests required for membership by Article III. When more than one person holds such interest or interests in any Lot, all such persons shall be members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

ARTICLE V

Board of Directors

Selection; Terms of Office. The affairs of the corporation shall be managed by a board of three (3) directors who need not be members of the corporation. At the annual meeting in 1991, the members shall elect one Director for a term of one (1) year, one Director for a term of two (2) years, and one Director for a term of three (3) years. At each annual meeting thereafter, the members shall elect, for a term of three (3) years, a Director to replace the Director whose term has expired.

ARTICLE VI

Election of Directors, Nominating Committee, Election Committee

1. Election to the Board of Directors shall be by written ballot as hereinafter provided. At such election, the members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the recorded covenants applicable to The Properties. The names receiving the largest number of votes shall be elected. Interim vacancies shall be filled by the Board of Directors.

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2. Nominations for election to the Board of Directors shall be made by a Nominating Committee selected in accordance with Article X.

3. 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 nonmembers, as the Committee in its discretion shall determine. Nominations shall be placed on a written ballot and shall be made in advance of the time fixed for the mailing of such ballots to members.

4. All elections to the Board of Directors shall be made on written ballot which shall: (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee for such vacancies; (c) contain a space for a write-in vote by the members for each vacancy, and (d) set forth a place and deadline for their return. Such ballots shall be prepared and mailed by the Secretary to the members at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the annual or special meeting called for elections).

5. If the winning candidates in 1991 are unable to decide among themselves the length of each of their terms, the members shall do so at the annual meeting.

ARTICLE VII

Powers and Duties of the Board of Directors

1. The Board of Directors shall have power:

(a) To call special meetings of the members whenever it deems necessary and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership.

(b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever.

(c) To establish, levy, assess, and collect the assessments or charges as provided in the Declaration of Covenants and Restrictions.

(d) To adopt and publish rules and regulations governing the use of the Common Properties and facilities and the personal conduct of the members and their guests thereon.

(e) To exercise for the Association all powers, duties, and authority vested in or delegated to this Association, except those reserved to the meeting or to members in the covenants.

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(f) In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office said absent Director to be vacant.

(g) To assess a late charge of \$5 per Lot against any Owner who does not pay his/her assessment by the due date.

2. It shall be the duty of the Board of Directors:

(a) To 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 any special meeting when such is requested in writing by one-fourth (1/4) of the voting membership.

(b) To 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 of Covenants and Restrictions applicable to The Properties:

(aa) To fix the amount of the assessment against each lot (property) for each assessment period of at least thirty (30) days in advance of such date or period, and at the same time;

(bb) To prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any members, and at the same time;

(cc) To send written notice of each assessment to every owner subject thereto.

(dd) To issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE VIII

Directors Meetings

1. A regular meeting of the Board of Directors shall be held annually immediately following adjournment of the annual members meeting.

2. Notice of the regular annual meeting of Directors is not required.

3. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two directors after not less than three (3) days' notice to each director.

4. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

5. The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE IX

Officers

1. The officers be a President, Vice President, Secretary, and Treasurer, none of whom need be members of the Board of Directors.

2. The officers shall be chosen by majority vote of the Directors.

3. All officers shall hold office during the pleasure of the Board of Directors.

4. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out, and sign all leases, mortgages, deeds and all other written instruments.

5. The Vice President shall perform all the duties of the President in his absence.

6. The Secretary shall be *ex officio* the Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book for that purpose the names of all members of the Association together with their addresses as registered by such members.

7. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. All checks and notes of the Association shall be signed by the President or any two of the other officers.

8. The Treasurer shall keep proper books of account and cause an annual audit of the Association books to be made by a committee of three at-large people at the completion of each fiscal year. The committee shall be chosen by the Board of Directors from Association members or non-members. The Treasurer shall prepare an annual budget and an annual balance sheet statement, and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

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ARTICLE X

Committees

1. The standing committees of the Association shall be:

- (a) The Nominations Committee;
- (b) The Architectural Control Committee.

Each committee shall consist of a Chairman and two or more members, and shall include at least two members of the Board of Directors. The committees shall be appointed by the Board of Directors prior to each annual meeting 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 Board of Directors may appoint such other committees as it deems desirable and fill vacancies in all committees by appointment.

2. The Nominations Committee shall have the duties and functions described in Article VI.

3. The Architectural Control Committee shall have the duties and functions described in the Declaration of Covenants and Restrictions applicable to The Properties. It shall watch for any proposals, programs or activities which may adversely affect the residential value of The Properties and shall advise the Board of Directors regarding Association action on such matters.

ARTICLE XI

Meetings of Members

1. The regular annual meeting of the members shall be held in the month of September in each year, at a time and place fixed by the Board of Directors.

2. Special meetings of the members for any purpose may be called at any time by the President, Vice President, Secretary or Treasurer, or by any two or more members of the Board of Directors, or upon written request of the members who have a right to vote one-(1/4) of the votes of the membership.

3. Notice of any meetings shall be given to the members by the Secretary. Notice may be given to the member either personally or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Corporation. Each member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address. Notice of any meeting, regular or special, shall be mailed not less than 10 or more than 50 days in advance of the meeting and shall set forth in general the nature of the business to be transacted; PROVIDED, however, that if the business of any meeting shall involve an election or any action governed by the Articles of Incorporation or by the Covenants applicable to The Properties, notice of such meeting shall be given or sent as therein provided.

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4. The presence at the meeting of members entitled to cast, or of proxies entitled to be cast, one-tenth (1/10) of the votes of the Association shall constitute a quorum for any action governed by these Bylaws. Any action governed by the Articles of Incorporation or by the Covenants applicable to The Properties shall require a quorum as therein provided.

ARTICLE XII

Proxies

1. At all corporate meetings of members, each member may vote in person or by proxy.

2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his home or other interest in The Properties.

ARTICLE XIII

Books and Papers

1. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any members.

ARTICLE XIV

Limitation of Liability

1. No Personal Liability. So long as a Board member, Association committee member, Association officer, or authorized agent(s) has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, no such person shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, negligence (except gross negligence), any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity; provided, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance or bonds obtained by the Board.

2. Indemnification. Each Board member or Association committee member, or Association Officer, and their respective heirs and successors, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of intentional misconduct, or a knowing violation of law in the performance of his duties, and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property, or services to which said person is not legally entitled; PROVIDED, that, in the event of a settlement,

the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. The Association shall pay for or reimburse the reasonable expenses incurred by a Board member, Association officer or committee member, and their heirs and successors, in accordance with the provisions of RCW 23B.08.530(1) and (2) as now existing or hereafter amended. Nothing contained in this Article shall, however, be deemed to obligate the Association to indemnify any Member or Owner of a Lot who is or has been a Board member or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Lot.

ARTICLE XV

Amendments

1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy. Provided that, those provisions of these Bylaws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that, any matter stated herein to be or which is in fact governed by the Covenants and Restrictions applicable to The Properties may not be amended except as provided in such Covenants and Restrictions.

2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Covenants and Restrictions applicable to The Properties and these Bylaws, the Covenants and Restrictions shall control.

IN WITNESS WHEREOF, we, the undersigned Board Members and Officers of the LAKELAND HILLS HOMEOWNERS ASSOCIATION, certify that these restated Bylaws were adopted by a majority vote of the member votes entitled to be cast at the annual meeting of the Association on September 22, 1998. A quorum was present or represented by proxy at that meeting.

Julius D. Jand, President

Steven Hudson, Board Member

Rae Sauer, Board Member

Carol A. Seely, Board Member

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