

**BYLAWS OF
MONTAINE AT ALDARRA HOMEOWNERS' ASSOCIATION**

A Washington nonprofit Corporation

DATED AND EFFECTIVE

AS OF

MAY 4TH, 2004

**BYLAWS
OF
MONTAINE AT ALDARRA HOMEOWNERS' ASSOCIATION**

1. OBJECT AND DEFINITIONS.

1.1 Purpose.

The purpose for which this the MONTAINE AT ALDARRA HOMEOWNERS' ASSOCIATION is formed is to govern the relations of the Owners within that certain Plat which is governed by the Declaration and Covenants, Conditions and Restrictions, for the Montaine at Aldarra Homeowners' Association recorded with the Department of Records and Elections of King County, Washington under Auditor's File No. 20031125000510, as hereafter amended from time to time (the "Declaration").

1.2. Assent.

All present or future Owners, present or future tenants, or any other person using the facilities of the Properties in any manner, including guests and employees, are subject to these Bylaws and the Declaration. The mere acquisition, rental or occupancy of any Lot shall constitute assent to be bound by, and ratification of, these Bylaws.

1.3 Definition.

The terms used in these Bylaws shall have the same meaning as in the Declaration, unless specifically indicated to the contrary.

2. MEMBERSHIP, VOTING AND MEETINGS OF THE ASSOCIATION.

2.1. Matters Governed by Declaration.

With regard to various matters including membership, meetings, and voting, reference is made to the Declaration which is incorporated herein by this reference.

2.2. Meetings of Members

2.2.1. Annual Meetings.

The Association shall hold a general meeting of the Owners at least once every 12 months, on a date specified by the Board (the "Annual Meeting").

2.2.2. Special Meetings.

Special meetings of the members may be called at any time by the President or by a majority of the Board or, upon written request of the Owners who are entitled to vote ten percent (10%) of the total votes of the Association.

2.2.3 Notice of Meetings.

Unless otherwise specifically provided in the Declaration, or in the Articles or Bylaws, written notice of each meeting of the members shall be given by, or at the direction of the Secretary or person authorized to call the meeting by hand-delivering or mailing a copy of such notice by first class United States mail, postage prepaid, not less than fourteen (14) days nor more than sixty (60) days before such meeting, to the mailing address of each Owner or to any other mailing address designated in writing by the Owner as appearing on the books of the Association, in accordance with Section IX.2 hereof. Such notice shall specify the place, day and hour of the meeting and the business to be placed on the agenda by the Board of Directors for a vote by the Owners, including the general nature of any proposed amendment to the Articles, Bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director. In addition to the foregoing notice requirements, for special meetings the notice shall also inform the members of the purpose of the meeting. Presence at any such meeting shall be deemed a waiver of any required notice, or defect therein.

2.2.4. Quorum.

Unless otherwise specifically provided in the Declaration, the presence at a meeting of members or proxies entitled to vote or cast thirty-four percent (34%) of the votes of the Association shall constitute a quorum. If a quorum is present at the opening of a meeting, it shall be deemed to exist throughout the meeting. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Alternatively, the Owners who are present either in person or by proxy, may adjourn the meeting to a time no less than forty-eight (48) hours from the time the original meeting was called, and the same thirty-four percent (34%) quorum requirement shall apply to the reconvened meeting.

2.2.5. Majority Vote.

A majority of the votes entitled to be cast by members present or represented by proxy at a meeting at which a quorum is present shall be necessary and sufficient for the adoption of any matter voted upon by members unless a greater proportion is required by the Declaration, the Articles or these Bylaws.

2.2.6. Proxies.

Votes may be cast in person or by proxy. Proxies shall be in writing and the signatures must be witnessed or acknowledged. Proxies must be filed with the Secretary before the appointed time of each meeting. No proxy shall be valid for a period longer than 11 months after the date thereof.

2.2.7. Voting by Mail.

The Board may provide for voting of the members by mail with respect to any particular election of Directors or with respect to adoption of any proposed amendment of the Declaration, Articles or Bylaws, or with respect to any other matter for which approval by Owners is required by the Declaration, Articles or Bylaws, in accordance with the following procedure:

(a) In case of election of Directors by mail, the existing Directors shall advise the Secretary in writing of the names of proposed Directors sufficient to constitute a full Board and of a date at least 50 days after such advice is given by which all votes are to be received. The Secretary, within 5 days after such advice is given, shall mail written notice of the number of Directors to be elected and of the names of the Board's nominees to all Owners. The notice shall state that any member may nominate an additional candidate or candidates, not to exceed the number of Directors to be elected, by notice in writing to the Secretary at the specified address of the principal office of the Association, to be received on or before a specified date 15 days from the date the notice is mailed by the Secretary. Within 5 days after such specified date the Secretary shall mail written notice to all Owners, stating the following: (1) the names of Directors to be elected, (2) the number of all persons nominated by the Board and by the members on or before said specified date, (3) that each Owner may cast a vote by mail, and (4) the date established by the Board by which such votes must be received by the Secretary at the address of the principal office of the Association, which shall be specified in the notice. Votes received after that date shall not be effective. All persons elected as Directors pursuant to such an election by mail shall take office effective on the date specified in the notice for receipt of such votes.

(b) In the case of a vote by mail relating to any other matter, the Secretary shall mail written notice to all Owners which notice shall (1) include a proposed written resolution setting forth a description of the proposed action, (2) state that such persons are entitled to vote by mail for or against such a proposal and stating a date not less than 20 days after the date such notice shall have been mailed on or before which all votes must be received, and (3) state that votes must be sent to the specified address of the principal office of the Association. Votes received after the specified date shall not be effective. Any such proposal shall be adopted if approved by the affirmative vote of not less than a majority of the votes entitled to be cast on such question, unless greater voting requirement is established by the Declaration or Bylaws for the matter in question.

(c) Hand delivery of a vote in writing to the principal office of the Association shall be equivalent to receipt of a vote by mail at such address for the purpose of this Section 2.2.7.

(d) For purposes of a vote by mail, quorum requirements shall be deemed satisfied on the basis of the number of ballots timely submitted. If a sufficient number of ballots are not received by the Association by the required date to either constitute a quorum, or to approve a proposal, the Board may extend the date for solicitation of ballots on further notice to all members of not less than ten (10) and no more than thirty (30) days of the new date for counting of ballots. In that event all ballots previously cast on the proposal shall be counted. No such vote may be extended by more than a total of 60 days.

2.2.8 Order of Business. The order of business at all meetings of the Owners of Lots shall be as follows unless dispensed with on motion:

- (a) Roll call.
- (b) Proof of Notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of Directors.
- (g) Unfinished business.
- (h) New Business.
- (i) Adjournment.

2.3 Suspension of Voting Rights.

During any period in which an Owner shall be in default in the payment of any assessment levied by the Association or the Declarant, the voting rights of such Owner may be suspended by the Board. Such voting rights may be also suspended for a period not to exceed sixty (60) days for violation of any provision of the Declaration, the Articles, the Bylaws or the rules and regulations of the Association. In the event voting rights are suspended, such vote(s) shall not be counted for any purpose including for the purpose of determining whether a quorum has been achieved or whether any required majority or supermajority has been achieved.

3. BOARD OF DIRECTORS.

3.1. In General.

The affairs of the Association shall be governed by the Board of Directors composed of three (3) members, who need not be members of the Association, (each a "Director"). The Board's powers are set forth in the Declaration. Until the Transition Date all Directors shall be appointed by Declarant, and shall serve at Declarant's pleasure.

3.2. Election; Term; Vacancies; Additional Provisions Regarding Board.

3.2.1. Term of Office.

At the first meeting after the Transition Date, the members of the Association shall elect one (1) Director for a term of one (1) year, one (1) Director for term of two (2) years, and one Director for a term of three (3) years; and at each annual meeting thereafter the members shall elect one (1) Director for a term of three (3) years.

3.2.2. Nomination.

After termination of the Development Period, nomination for election to the Board shall be made by a nominating committee appointed by the Board. The selection of the nominating committee and the rules under which it will function shall be determined from time to time by the Board. The nominating committee 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 to be filled. Nominations may also be made from the floor at any annual meeting of the members or special meeting called for purpose of electing Directors.

3.2.3. Election.

Election to the Board shall be by secret written ballot, on a non-cumulative basis.

3.2.4. Vacancies.

Vacancies in the Board occurring after termination of the Development Period caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person elected shall be a Director until a successor is elected at the next annual meeting of the Association.

3.2.5. Removal.

Any member of the Board of Directors may be removed from the Board, with or without cause, by the vote of a majority of total votes entitled to be cast at any meeting of the Owners at which a quorum is present. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Directors and shall serve for the unexpired term of his or her predecessor.

3.3 Meetings of the Board.

3.3.1. Organizational Meetings.

The first meeting of a newly elected Board shall be held immediately following the annual meeting of the Association and no notice shall be necessary to the newly elected Directors in order to legally constitute such a meeting.

3.3.2. Regular Meetings.

Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during each fiscal year and one such meeting shall be held immediately following the annual meeting of Owners. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, or by telephone at least three days prior to the day named for such a meeting.

3.3.3. Special Meetings.

Special meetings of the Board may be called by the President on three days notice to each Director, given personally, or by mail, or by telephone, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two Directors.

3.3.4. Waiver of Notice.

Before, at or after 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. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

3.3.5. Action Taken Without Meeting.

The Directors shall have the right to take any action in the absence of a meeting which they could at a meeting by obtaining the written approval of all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

3.3.6. Quorum.

At all meetings of the Board, a majority thereof shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, less than a quorum is present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. Attendance at any meeting of the Board may be by telephone or in person.

3.3.7. Compensation.

No Director shall receive compensation for any service he may render to the Association as a Director. However, any Director may be reimbursed for his or her actual expenses incurred in performance of his or her duties.

3.3.8. Open Meeting.

Except as otherwise provided in RCW 64.38.035 as it may be amended, all meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents but shall not be entitled to a prior notice of a right to participate. The Board of Directors shall keep minutes of all actions taken by the Board, which shall be available to all Owners. Upon the affirmative vote in open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters, consult with legal counsel or consider communication with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of an Owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board of Directors shall restrict the consideration of matters during the closed portions of meetings to only those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed or agreed to in closed session may become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion or other action which is reasonably identified. The requirements of this paragraph shall not require the disclosure of information in violation of the law or which is otherwise exempt from disclosure.

4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

4.1. Powers.

In addition to the powers set forth in the Declaration, the Board of Directors shall have the power to do all of the following:

4.1.1.

Adopt and amend Bylaws and rules and regulations governing the members and their guests, and penalties for the infraction thereof

4.1.2.

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.

4.1.3.

Declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board.

4.1.4.

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

4.1.5.

Take any and all actions necessary to comply with and enforce the provisions and requirements of the Declaration, the Articles of Incorporation and these Bylaws, and all powers and rights as provided in the Declaration.

4.1.6.

To the extent not inconsistent with the powers set forth in the Declaration or the Bylaws, to take other action pursuant to the Association powers listed in RCW 64.38.020.

4.1.7.

To delegate to the Declarant, or to any officer or agent of the Association, all or any of the power and duties of the Board.

4.2. Duties.

It shall be the duty of the Board to do all of the following:

4.2.1.

Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members of the Association at the annual meeting of the members. All records of the Association, including the names and addresses of Owners and other occupants of the Lots, shall be available for examination by all Owners, holders of mortgages on the Lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the Association or its managing agent. The Association shall not release the unlisted telephone number of any Owner. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records.

4.2.2.

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

4.2.3.

Fix, levy and collect assessments as provided by the Declaration.

4.2.4.

Adopt proposed regular or special budgets of the Association and schedule a meeting of the members as herein described for consideration of the budget. Within thirty (30) days after adoption by the Board of any proposed regular or special budget, the Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after the Board mails a summary of the budget proposal to each Owner addressed to the Owner's address last appearing on the books of the Association. Unless at that meeting, 75% or more of the Owners, vote, in person or by proxy, to reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the owners ratify a subsequent budget proposed by the Board of Directors.

4.2.5.

Prepare or cause to be prepared annually a financial statement of the Association. If the annual assessments of the Association are fifty thousand (\$50,000.00) dollars or more, the financial statements of the Association shall be audited at least annually by an independent certified public accountant, but the audit may be waived if sixty-seven percent (67%) of the votes cast by Owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit.

4.2.6.

Cause the Common Maintenance Area, entry signs, and those areas identified in the Declaration as Common Maintenance Areas, to be maintained.

4.2.7.

Issue, or cause an appropriate officer to issue, upon demand by any person or entity, 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.

4.2.8.

Cause the expenses relating to the Common Maintenance Areas to be paid as appropriate.

4.2.9.

Obtain insurance as it may deem appropriate.

4.2.10.

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

4.2.11.

Cause the landscaping to be maintained as provided in the Declaration.

4.2.12.

Perform any and all duties necessary to comply with the provisions and requirements of the Declaration, The Articles of Incorporation and these Bylaws.

4.2.13.

Notwithstanding the foregoing, the Board of Directors shall not act on behalf of the Association to amend the Articles, to take any action that requires the vote or approval of the Owners, to terminate the Association, to elect members of the Board of Directors, or to determine the qualifications, powers, and duties, or terms of office of members of the Board; but the Board of Directors may fill vacancies in its membership of the unexpired portion of any term.

5. OFFICERS.

5.1. Designation.

The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected annually by the Board. Members of the Board may simultaneously serve as officers.

5.2. Election of Officers.

The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board, and shall hold office at the pleasure of the Board. Any person may hold concurrently any two offices, except that the same person may not concurrently hold offices of President and Secretary. The office of the Vice President need not be filled. The Board may elect officers from among its members, or otherwise.

5.3. Removal of Officers.

Upon an affirmative vote of the majority of the members of the Board, any officer may be removed, with or without cause, and his or her successor elected at any regular or special meeting of the Board called for such purpose.

5.4. President.

The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and the Board. He or she shall have all of the general powers and duties which are usually vested in the office of the President of a nonprofit Association including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5.5. Vice President.

A Vice President shall have all the powers and authority and perform all of the functions and duties of the President in the absence of the President or his or her inability for any reason to exercise such powers and functions or perform such duties.

5.6. Secretary.

The Secretary shall keep the minutes of meetings of the Board and minutes of meetings of the Association; he or she shall have charge of such books and papers as the Board may direct; and he or she shall in general perform all the duties incident to the office of

Secretary. The Secretary may compile and keep up to date at the principle office of the Association a complete list of members and their registered mailing addresses. Such list shall also show opposite each member's name the number or other appropriate designation of the Lot(s) owned by such member. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

5.7. Treasurer.

The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board.

5.8. Assistant Secretary.

The Board may appoint one or more Assistant Secretaries to perform all of the duties of the Secretary in the absence of the Secretary.

5.9. Assistant Treasurer.

The Board may appoint one or more Assistant Treasurers to perform all of the duties of the Treasurer in the absence of the Treasurer.

6. OBLIGATIONS OF OWNERS.

6.1. In General.

Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Declaration was created and each Owner shall comply strictly with all provisions of the Declaration.

6.2. Use of Common Areas.

Each Owner shall use the Property in accordance with the purpose for which it was intended without hindering or encroaching upon the lawful rights of the other Owners.

6.3. Compliance with Covenants, Bylaws and Administrative Rules and Regulations.

Each member of the Association shall comply strictly with the Declaration, these Bylaws and with the administrative rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and with covenants, conditions, and restrictions set forth in the deed to his or her Lot.

7. AMENDMENTS AND CONFLICTS.

7.1. Amendments.

These Bylaws may be amended at any time by majority vote of the Board. These Bylaws may not be amended so as to render them inconsistent with the Declaration. No

amendment to these Bylaws shall be adopted during the Development Period without the written consent of the Declarant.

7.2 Conflicts.

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 Declaration and these Bylaws, the Declaration shall control.

8. MORTGAGES.

8.1. Notice to Association.

An Owner who mortgages his or her Lot shall notify the Association through the Managing Agent, if any, or the President of the Board, giving the name and address of his or her Mortgagee. The Association shall maintain such information in a book or list entitled "Mortgagees of Lots."

8.2. Notice of Unpaid Assessments.

The Association shall at the request of a Mortgagee of a Lot, report any unpaid assessments due from the owner of such Lot.

9. EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND REQUIRED PROXIES.

9.1. Proof of Ownership.

Any Person or Persons on becoming an Owner of a Lot shall furnish to the Managing Agent or Board a photocopy of a certified copy of the recorded instrument vesting that person with an interest or ownership, which instrument shall remain in the files of the Association.

9.2. Registration of Mailing Address.

The Owner of each Lot shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications; and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association, or other legal entity or any combination thereof to be used by the Association. Such registered address shall be furnished by such Owner to the Secretary within five (5) days after transfer of title. Such registration shall be in written form and signed by all the Persons constituting such Owner or by such Persons as are authorized by law to represent the interests of all such Persons. If no such address is registered or if all the Owners cannot agree, then the address of the Lot shall be the registered address for all purposes of this section. Registered addresses may be changed from time to time by similar designation.

9.3. Condition to Voting Right.

The requirements contained in this Section shall be first met before an Owner of a Lot shall be deemed in good standing and entitled to vote at any annual or special meeting of members, and the vote of any such Owner shall not be counted for any purpose, including for the

purpose of determining whether any quorum, majority or supermajority requirement has been satisfied.

10. COMMITTEES.

10.1. Committees of Directors.

The Board may appoint one or more committees that consist exclusively of one or more Directors. Such committees shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board in the management of the Association; but the appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the Property.

10.2. Other Committees.

Other committees, not having or exercising the authority of the Board in the management of the Association, may be appointed by the President or the Directors, as they deem appropriate.

11. CONFLICT WITH DECLARATION OR LAW.

These Bylaws are intended to comply with and supplement the requirements of RCW 24.06 and the Declaration. If any of the terms set forth in these Bylaws conflict with the provisions of the Statute, which may not be altered by the governing documents of the Association, then the provision of the Statute shall control. If any provisions of the Bylaws conflict with the provisions of the Declaration, then the Declaration will control.

The foregoing have been adopted at the first meeting of the Board of Directors of the Montaine at Aldarra Homeowners' Association.

DATED as of the 4TH of MAY, 2004.

**MONTAINE AT ALDARRA
HOMEOWNERS' ASSOCIATION, a
Washington non-profit corporation**

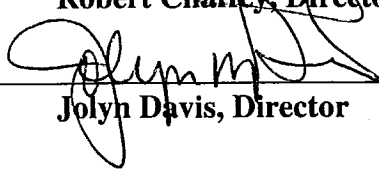
By


Tim Price, Director

By


Robert Chaffey, Director

By


Jolyn Davis, Director