

FIRST AMENDED
BYLAWS
OF
SOUTH COVE HOMEOWNERS' ASSOCIATION
OF THURSTON COUNTY

ARTICLE 1

OBJECT AND DEFINITIONS

1.1 Purpose. The purpose for which this Association is formed is to govern the South Cove residential development situated in Thurston County, Washington, commonly known as the Plat of South Cove (the "Property"), which property has been submitted to a Declaration of Covenants, Conditions, Restrictions and Easements for South Cove dated December 17, 1990, and recorded on January 8, 1991, under Thurston County Recording No. 9101080030, establishing a plan for ownership of the property (the "Declaration").

1.2 Assent. All present or future owners, occupants, or any other person using the Lots or other facilities of the Property are subject to the regulations set forth in these Bylaws. The mere acquisition or occupancy of any of the Lots in the Property shall constitute ratification of these Bylaws.

1.3 Definitions. Unless otherwise specified, all undefined capitalized terms shall have the same meaning in these Bylaws as such terms have in the Declaration.

ARTICLE 2

MEMBERSHIP, VOTING, MEETINGS AND ADMINISTRATION

2.1 Matters Governed by Declaration. With regard to various matters including membership, transfer of membership, voting, joint owner disputes, and meetings, reference is made to Article 2 of the Declaration, and the same is made a part hereof as if set forth herein.

2.2 Additional Administrative Revisions.

2.2.1 Meeting Place. All meetings of the Owners and/or Board of Directors shall be held at the principal place of business of the Association or at such other place or places, either within or without the State of Washington, as shall be determined from time to

time by the Board of Directors, and the place at which any such meeting shall be held shall be stated in the notice of the meeting.

2.2.2 Annual Meeting Time. The annual meeting of the Owners for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held each year on the third Wednesday in January at the hour of 7:30 p.m. if not a legal holiday, and if a legal holiday, then on the day following, at the same hour.

2.2.3 Majority of Owners. As used in these Bylaws, the term "Majority of Owners" shall mean the Owners holding more than fifty percent (50%) of the total votes held by all Owners of the Property.

2.2.4 Notice and Quorum. Written or printed notice stating the place, day and hour of the annual meeting, the business to be placed on the agenda by the Board of Directors for a vote of the owners, including the general nature of any proposed amendment to the articles of incorporation, bylaws, any budget or changes in the previously approved budget that results in an assessment obligation, and any proposal to remove a director, the purpose or purposes for which the meeting is called, shall be delivered not less than fourteen (14) nor more than sixty (60) days in advance of the meeting, either personally or by mail, at the mailing address of each owner or to any other mailing address designated in writing by the owner, by or at the direction of the President, Secretary, or other officers or persons entitled to call the meeting, to each Owner entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Owner at the Owner's address as it appears on the records of the Association, with postage thereon prepaid. Except as otherwise provided in these Bylaws, the presence of Owners or of proxies entitled to cast sixty percent (60%) or more of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

2.2.5 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 of the Association before the appointed time of each meeting. No proxy shall be valid for a period longer than eleven (11) months after the date thereof, unless otherwise provided in the proxy.

2.2.6 Voting by Mail. The Board may decide that voting of the Owners shall be by mail with respect to any particular election of the Board in accordance with the following procedure: The existing Directors shall advise the Secretary in writing of the names of nominated Directors sufficient to constitute a full Board of Directors, and of a date no less than forty (40) and no more than fifty (50) days after such advice is given by which all votes are to be received. Within five (5) days after such advice is given, the Secretary shall deliver written notice of the number of Directors to be elected and of the names of the nominees to all Owners. The

notice shall state that any such Owner 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 fifteen (15) days from the date the notice is given by the Secretary. Within five (5) days after such specified date, the Secretary shall give written notice to all Owners, stating the number of Directors to be elected, stating the names of all persons nominated by the Board and by the Owners on or before said specified date, stating that each Owner may cast a vote by mail, and stating 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 by receipt of the number of votes required by applicable law shall take office effective on the date specified in the notice for receipt of such votes. 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 2.2.6.

2.2.7 Order of Business. The order of business at all meetings of the Owners shall be as follows:

- (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 (for annual meetings and special meetings called for that purpose).
- (g) Unfinished business.
- (h) New business.

2.2.8 Action by Owners or Directors Without Meeting. Any action required by law to be taken at a meeting of the Owners or Board of Directors of the Association, or any action which may be taken at a meeting of the Owners or the Board, may be taken without a meeting if a consent in writing, setting forth the action so take, shall be signed by all of the Owners entitled to vote with respect to the subject matter thereof, or all of the Directors, as the case may be. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any Articles or document filed with the Secretary of State of the State of Washington.

ARTICLE 3

MANAGEMENT OF ASSOCIATION

3.1 In General. The affairs of the Association shall be governed by a Board of Directors, which, after Declarant's management authority expires or is terminated pursuant to the Declaration, shall be composed of five (5) members.

3.2 Additional Provisions Regarding Board

3.2.1 Election and Term of Office. The Directors of the permanent Board shall serve for a one (1) year term of office.

3.2.2 Vacancies. Vacancies in the Board 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 so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

3.2.3 Removal of Directors. At any special meeting called for that purpose, any one or more of the Directors may be removed with or without cause, by a Majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been so proposed by the Owners shall be given an opportunity to be heard at the meeting.

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

3.2.5 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 one (1) such meeting shall be held during each fiscal year and it 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, telephone or telegraph, at least three (3) days prior to the day named for such meeting, by the President or Secretary of the Association.

3.2.6 Special Meetings. Special meetings of the Board may be called by the President on three (3) days' notice to each Director, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as herein above provided), and purpose of the meeting. The President or Secretary shall call special meetings of the Board in like manner and on like notice on the written request of at least two (2) Directors.

3.2.7 Waiver of Notice. Before, at or after any meeting of the Board, any Director may, in writing, waive notice giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

3.2.9 Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The Association shall pay the premiums on such bonds.

3.2.10 Board Fees. Each Board member shall receive such sum as the Owners may from time to time determine, plus transportation expenses, for attendance at any regular or special meeting of the Board.

ARTICLE 4

OFFICERS

4.1 Designation. Board of Directors: the Board of Directors conducts Business affairs of the Association. The Board of Directors is made up of the President, Vice President, Secretary, Treasurer, and one non-designated Board member. All Board members shall be members of the Association, serve for a one year term of office, and be elected by at least 50% of a quorum of the owners. Board members may serve consecutive terms; however, they will be limited to one per household serving during the same period of time. Board members may receive monetary compensation for actual services rendered.

4.2 Election of Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be members of and elected by the Board. The officers of the Association shall be elected at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Officers may not hold concurrent officer positions.

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

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

4.5 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 inability for any reason to exercise such powers and functions or perform such duties.

4.6 Secretary. The Secretary shall keep the minutes of meetings of the Board and minutes of meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he shall in general perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Owners and their registered mailing addresses. Such list shall also show opposite each Owner's name the number or other appropriate designation of the Lot or Lots owned by such Owner. Such list shall be open to inspection by Owners and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

4.7 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 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 of Directors.

4.8 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.

4.9 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.

ARTICLE 5

INDEMNIFICATION OF OFFICERS AND DIRECTORS

5.1 Indemnification. The Association shall indemnify every Director or officer, and his or her heirs, executors and administrators as provided in the Articles of Incorporation.

ARTICLE 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 South Cove development was established, and each Owner shall comply strictly with all provisions of the Declaration, including but not limited to using the Property only as permitted thereby, and paying all expenses and assessments when due.

6.2 Use of Common Areas and Limited Common Areas. Each Owner shall use the Common Areas in accordance with the purposes for which they were intended without hindering or encroaching upon the lawful rights of the other Owners.

ARTICLE 7

AMENDMENTS

Amendments to these Bylaws for the administration of the Association and the Property, and for other purposes not inconsistent with the Washington Nonprofit Corporation Act (the "Act") or with the intent of the Declaration, shall be adopted by the Association by concurrence of these voting Owners holding sixty percent (60%) of the total votes held by all Owners, at any regular or special meeting. Notice of the time, place and purpose of such meeting shall be delivered to each Owner at least ten (10) days prior to such meeting. Notwithstanding the foregoing, a majority of the Board of Directors shall be entitled to alter, amend or repeal these Bylaws; provided that such authority may be revoked by a majority vote of the Owners entitled to vote or by the unanimous written consent of such Owners.

ARTICLE 8

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND REQUIRED PROXIES

8.1 Proof of Ownership. Any person on becoming an Owner of a Lot shall furnish to the Board 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.

8.2 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 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 of

Owners shall be furnished by such Owners to the Secretary within fourteen (14) days after transfer of title; such registration shall be in written form and signed by all of the Owners of the Lot or by such persons as are authorized by law to represent the interest of all of the Owners thereof. If no such address is registered or if all of the Owners cannot agree, then the address of the Lot shall be the address until another registered address is furnished as permitted under this section. Registered addresses may be changed from time to time by similar designation.

8.3 Completed Requirement. The requirements contained in this Article shall be first met before an Owner shall be deemed in good standing and entitled to vote at any annual or special meeting of Owners.

ARTICLE 9

CONFLICT WITH DECLARATION OR LAW

These Bylaws are intended to comply with and supplement the requirements of the Declaration. If any of these Bylaws conflict with the provisions of the Declaration, the provisions of the Act and the Declaration shall amply.

ARTICLE 10

NONPROFIT ASSOCIATION

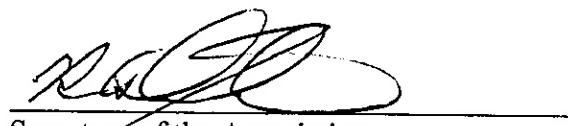
This Association is not organized for profit. No Owner, Director of the Board, or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations of the Association or the Property, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any Directors of the Board. The foregoing, however, shall neither prevent nor restrict the following: (1) reasonable compensation may be paid to any Owner or Director while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) any Owner or Director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE 11

FISCAL YEAR

The fiscal year of the Association shall begin on January 1 and end on December 31 of each year.

DATED as of the 17 day of December, 2003.



R. C. Ollie
Secretary of the Association

RETURN ADDRESS
Mark E. Bardwil
DOLACK, HANSLER, LORAN, RITCHIE, & BARDWIL
748 Market Street, Suite 300
Tacoma, WA 98402

Thurston County Treasurer

Real Estate Excise Tax paid None

By MCSP Deputy

Please print neatly or type information

Document Title(s): First Amended Declaration of Covenants, Conditions, Restrictions and Easements for South Cove.

Reference Number(s) of related documents: Auditor File Nos. 9101080030, 9104220129, 9105010058, and 9106250202.

This Document serves to amend or otherwise incorporate, as the case may be, Covenants originally recorded under Thurston County Auditor File Number 9101080030 and subsequent amendments recorded under Thurston County Auditor File Numbers 9104220129, 9105010058, and 9106250202.

Additional Reference #'s on page _____

Grantor(s) (Last, First and Middle Initial): SOUTH COVE HOMEOWNERS' ASSOCIATION

Additional Reference #'s on page _____

Grantee(s) (Last, First and Middle Initial): SOUTH COVE HOMEOWNERS' ASSOCIATION

Additional Reference #'s on page _____

Legal Description (abbreviated form: i.e. lot, block, plat or section, township, range, quarter/quarter):

Additional Reference #'s on page _____

Assessor's Property Tax Parcel/Account Number:

Additional Reference #'s on page _____

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

