

## BY LAWS OF VUEMONT HOMEOWNERS' ASSOCIATION

### ARTICLE 1: NAME, OFFICE AND DECLARATION

1.1 Name. This corporation shall be named "VUEMONT HOMEOWNERS' ASSOCIATION," (hereinafter the "Association").

1.2 Principal Office. The principal office of the Association shall be located at the residence of the current registered agent of the Association (normally the President).

1.3 Declaration. These Bylaws are subject to the Declarations of Conditions, Covenants and Restrictions for Vuemont Division Nos. 1 and 2 (hereinafter "the Declaration").

### ARTICLE II: MEMBERSHIP AND VOTING

2.1 Membership. The Association shall be composed of all owners of lots in Vuemont Division Nos. 1 and 2. The purchaser of a lot under a real estate contract shall be deemed an owner for membership purposes.

2.2 Voting. In any matter put to a vote of the Association, lot owners shall be entitled to cast one vote for each lot owned.

2.3 Joint Members. If any lot is owned by more than one person, firm or corporation, the owners of such lot shall appoint one person to cast the vote appertaining to that lot and shall file a written statement with the Board of Directors signed by all the owners which states that such person has been appointed to cast the vote for the lot. Any such designation once made may be revoked at any time by any one of the lot owners who has signed the statement by filing written notice of such revocation with the Board of Directors. In addition, any such appointment shall be deemed revoked at the time at which the Board of Directors receives notice of the death or judicially declared incompetency of any lot owner or upon the conveyance by any lot owner of his interest in his lot. Where no appointment is made, or where an appointment has been made but is revoked and no new appointment is made, the lot owners attending any meetings of the Association may, if they act unanimously, cast the vote for that lot. If joint

owners are unable to agree among themselves how their vote shall be cast, they shall lose their right to vote on the matter in question.

2.4 Proxy. Voting at any meeting of the Association may be in person or by proxy, provided that such proxy is in writing, signed by the lot owner or owners and filed with the Board of Directors of the Association in advance of the meeting at which such vote is taken. Any proxy given by a lot owner or owners, to or in favor of a holder of indebtedness secured by any recorded mortgage or deed of trust upon his lot shall, upon presentment to the Board of Directors of the Association, be honored by the Association and may not be revoked by the lot owner or owners without the prior written consent of the holder of such. indebtedness.

2.5 Others. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association with respect to any lot held by him in such capacity whether or not the same shall have been transferred to his name, provided that he shall satisfy the Secretary of the Association that he is the executor, administrator, guardian, or trustee holding such lot in such capacity. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified and acting guardian of their estate voting on their behalf.

2.6 Register. The Board of Directors of the Association shall cause a register to be kept, containing the names and addresses of all members and voting owners of the Association.

### ARTICLE III: MEETINGS

3.1 Annual Meetings. Annual meetings of the members of the Association shall be held on the second Thursday, in November at a place designated by the Board of Directors. The annual meeting shall be for the purpose of electing directors and for the transaction of any other business brought before the meeting.

3.2 Special Meetings. It shall be the duty of the President of the Association to call a special meeting of the Association as directed by resolution of the Board of Directors of the Association, or upon the written request of not less than one third of the members of the Association.

3.3 Quorum. At any meeting of the Association ten percent (10%) of all members of the Association present in person or by proxy shall constitute a quorum and the concurring vote of a majority of such members present and constituting a quorum shall be valid and binding upon the Association –except as otherwise provided by law or by these Bylaws.

3.4 Adjourned Meetings. Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the members present, whether or not a quorum is present, without notice other than the announcement at the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

3.5 Place of Meeting. All meetings of the Association shall be held at its principal office unless otherwise stated in the notice; all meetings shall be held in the State of Washington.

3.6 Notice of Meetings. No notice of the annual meeting need be given if the meeting is to be held on the first Wednesday in July at the principal office of the Association. If any meeting is to be held elsewhere or at a different time, written notice shall be given by the Secretary to each member not less than ten (10) days before the meeting; provided, that no notice of a meeting need be given to any member who has, in writing, waived such notice or who is present at such meeting, in person or by proxy. Written notice shall be effective, whether or not received, if mailed to the last known address of a member shown on the books of the Secretary and shall be effective as of the date mailed or delivered. The written ratification by a member of any action taken at any meeting shall be equivalent to a waiver of notice of such meeting by the one so ratifying.

#### ARTICLE IV: BOARD OF DIRECTORS

4.1 Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons who shall be elected by ballot from the voting members of the Association. Until the transition date, as provided for in the Declaration, an interim Board of Directors of three (3) directors shall be selected by the Declarant.

4.2 Powers. The Board of Directors shall be vested with the management of all of the affairs of the Association, including specifically, but without limitation of the generality of the foregoing, the following powers:

(a) To enforce the provisions of the Declaration, these Bylaws and such other reasonable rules and regulations regarding maintenance, administration and operation of the common areas of the divisions of Vuemont.

(b) To prepare and submit to the Association estimates of the common expenses of its operation to be payable during each fiscal year of the Association, for administration, maintenance, repair or replacement of the common areas and such other common expenses as may be imposed by law or by the Declaration.

(c) To make assessments upon the lot owners, or any of the individual Divisions thereof, for the common expenses of the Association, and to enforce the same by any means provided by law, the Declaration, or these Bylaws.

(d) To order work which it deems necessary to the operation, maintenance, repair and replacement of the common areas and any additions or improvements thereto, except however, that the Board of Directors shall not make or order work for the construction or installation of any additional capital improvement which costs in excess of Two Thousand Dollars (\$2,000.00) without the approval of the lot owners holding at least a 60% voting interest in the Association. For purposes of this subparagraph, "additional capital improvements" shall mean any added improvements which are not intended to replace like or similar improvements which have been damaged or destroyed by fire or other casualty or which are no longer functional because of wear and tear or obsolescence.

(e) To employ attorneys and accountants and other consultants or specialists as may be reasonably necessary or convenient to the carrying out of the functions or management and administration of the Association, and to authorize and pay for their reasonable compensation as common expenses.

(f) To obtain and maintain the kinds and amounts of insurance for the Association as deemed reasonably necessary by the Board of Directors.

(g) To bring actions at law or in equity by the Association with respect to any cause of action relating to the common areas or the Declaration.

(h) To take action as may be necessary or convenient for the collection of all sums assessed against any lot owner for his share of the common expenses, insofar as the same is not inconsistent with law and the Declaration; and to incur such expenses and attorneys' fees as may be reasonable, necessary or convenient for the accomplishment of such purpose.

4.3 Election. The seven (7) directors shall be elected at the annual meeting of the Association for two (2) year terms. At the expiration of the term of office of each of the members of initial

Board of Directors, his successor shall be elected to serve a term of two (2) years. Provided, however, that three (3) of the seven (7) directors elected at the first meeting of the Association after the transition date shall serve only a one (1) year term. Each director shall serve until his successor has been elected.

4.4 Removal. Any director may be removed from office at any time, with or without cause, upon the vote of a 60% majority of the voting members at a meeting of the Association, provided that the notice of such meeting shall have stated that such was to be considered and provided that a substitute director is elected at the same meeting for the then unexpired term of the one so removed.

4.5 Compensation. The directors shall serve without compensation.

4.6 Organizational Meeting. The first meeting of the newly elected Board of Directors shall be held within thirty (30) days of the date on which they are elected at such place as shall be fixed by the directors at the meeting at which such directors were elected and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the directors shall be present.

4.7 Meetings. The Board of Directors may hold meetings when and in such places in the State of Washington as the President shall designate, or, in the case of his absence from the State, incapacity, or death, as may be designated by either of the other directors.

4.8 Notice of Meetings. The Secretary shall give written notice of each meeting of the Board of Directors (except the organizational meeting mentioned above) to each director at least ten (10) days before the meeting. The failure to give notice shall not invalidate any action at a meeting of the Board of Directors at which all of the directors are present. No notice of meeting need be given any director who is at the time incapacitated or absent from the State of Washington. The presence of any director at any meeting shall constitute a waiver of any required notice of such meeting.

4.9 Quorum. A majority of the directors shall constitute a quorum for the transaction of business, and in every case the affirmative vote of a majority of the whole Board shall be necessary to the validity of any act of the Board.

## ARTICLE V: OFFICERS

5.1 Office, Election and Removal. The Board of Directors shall, elect annually, at its first meeting after the annual meeting of 'the Association, a President, Vice President, Secretary, and Treasurer, each of whom shall serve for the ensuing year and until his successors shall be elected. The Board of Directors may elect such other officers as it may deem necessary, who shall have such authority and perform such duties as from time to time may be prescribed by the Board of Directors. One person may hold more than one office, except that the President and Secretary shall be different persons. All officers shall be subject to removal at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer shall become vacant for any reason, the Board of Directors shall elect a successor. Until the transition date, as that term is defined in the Declaration, the Declarant shall select the officers of the Association, who need not be members of the Board of Directors.

5.2 President. The President shall preside over all of the meetings of the Board of Directors and of the Association at which he shall be present. In his absence, the Vice President shall preside. The President shall have the powers and perform the duties customarily incidental to his office and such other powers and duties as may be assigned to him elsewhere in these Bylaws or as may be assigned to him from time to time by the Board of Directors.

5.3 Vice President. During the absence or disability of the President, the Vice President shall exercise all the functions of the President. The Vice President shall also have such powers and discharge such duties as may be assigned to him from time to time by the Board of Directors.

5.4 Secretary. The Secretary shall keep the minute books wherein all resolutions duly passed and all other actions taken at any meeting by the Association and by the Board of Directors shall be recorded. He shall give notice of all meetings of the Association and the Board of Directors. The Secretary shall have the powers and perform the duties customarily incidental to his office and such other powers and duties as may be assigned to him from time to time by the Board of Directors.

5.5 Treasurer. The Treasurer shall oversee and be responsible for all the financial records, books of account and funds of the Association. He shall cause statements to be rendered in such form as often as required by the Board of Directors or the Association. He shall have the powers and perform the duties customarily incidental to his office and such other powers and duties as may be assigned to him by the Board of Directors.

5.6 Other Officers. Other officers of the Association shall have such authority and shall perform such duties as the Board of Directors may prescribe.

5.7 Indemnification. The Association shall indemnify and hold harmless each person who shall serve at any time as a director or officer of the Association without compensation, from and against any and all claims and liabilities to which such person shall become subject, by reason of his having served as a director or officer of the Association, or by reason of any action alleged to have been taken or omitted to be taken by such person. The Association shall reimburse each person for all legal and other expenses reasonably incurred by him in connection with any such claim or liability; provided, however, that no such person shall be indemnified against or be reimbursed for an expense incurred for any claim or liability arising out of his own fraud, bad faith or willful misconduct.

#### ARTICLE VI: EXPENSES

6.1 Expenses and Assessment. Each lot owner shall make a proportionate contribution, based on the number of lots owned, toward the common expenses of the Association, including, without limiting the generality of the foregoing, the cost of operation, maintenance, repair and replacement of all common elements, and the costs of insurance authorized by the Board of Directors. The Board of Directors shall fix annual assessments for each lot in an amount sufficient to provide for all current expenses, a reasonable reserve for future expenses of administration, and such other expenses as are required by the Declaration or as the Board of Directors may deem proper, subject to adjustment from time to time as the Board of Directors may deem necessary. Such annual assessment shall be due and payable on the 31st day of January without demand. Delinquent accounts shall bear interest at the highest legal rate per annum from the due date until paid. In the absence of a legal maximum rate, the interest rate shall be fifteen percent (15%) per annum. The amounts received shall be held by the Treasurer in trust to be expended for the operation of the Association. The amount of assessments for each lot shall be equal.

6.2 Lien and Foreclosure. The assessments referred to in the preceding paragraph and all interest thereon shall constitute a lien upon each lot prior to all other liens with the exception of (i) taxes and assessments lawfully imposed by governmental authority against such lots; and (ii) all sums unpaid on first mortgages of record. Such lien may be foreclosed by suit by the Board of Directors or its agents acting on behalf of the members, in like manner as a materialmen's lien on real property. The plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect said rent. The Board of Directors or its agent shall have the power to bid on the lot at the foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. A suit to recover a money judgment for unpaid assessments and interest shall be maintainable against any lot owner without foreclosing or waiving the lien securing the same.

6.3 Mortgagee's Obligation. Where the mortgagee of a mortgage of record or other purchaser of a lot obtains title to the lot as a result of foreclosure of such mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments chargeable with respect to such lot which became due prior to the acquisition of title to such lot by such acquirer. Such unpaid share of common expenses or assessment shall be deemed to be a common expense and collectible pro rata from all of the lot owners, including such acquirer, his successors and assigns.

6.4 Liability of Assignee of Lot. In the case of voluntary assignment of a lease of a lot, pursuant to which lease the lessee is deemed the owner of such lot with respect to liability for common expenses, the assignee shall be jointly and severally liable with the assignor for all unpaid assessments against the latter for his share of common expenses up to the time of the conveyance, without prejudice to the assignee's right to recover from the assignor the amounts paid by the assignee therefor. Any assignor or assignee shall be entitled to a statement from the Board of Directors or its agents, as the case may be, setting forth the amount of such unpaid assessments.

#### ARTICLE VII: RULES AND REGULATIONS

In order to assure the peaceful and orderly use and enjoyment of the Project, and particularly of the common elements of the Project, the Board of Directors may from time to time adopt, modify, and revoke in whole or in part such rules and regulations governing the conduct of persons and the use of the common areas as it may deem necessary or appropriate. A copy of such rules and regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, shall be delivered by the Secretary promptly to each lot owner and shall be binding upon all lot owners and occupants of the lot from the date of delivery.

#### ARTICLE VIII: MISCELLANEOUS

8.1 Construction. All provisions of these Bylaws are subject to the provisions of the Declaration. All ambiguities herein or matters not explicitly stated shall be governed by the terms of the Declaration, and matters directly inconsistent with the Declaration shall be deemed modified to conform to the Declaration. To the extent these Bylaws are more detailed or explicit than the Declaration they shall be enforceable unless inconsistent with express terms of the Declaration.

8.2 Amendments. These Bylaws may be amended by an affirmative vote of members holding at least a sixty percent (60%) interest in the common areas who are in attendance at any regular or special meeting at which a quorum is present, or upon the written consent of lot owners holding



eighty percent (80%) interest in the common areas. A proposed amendment shall be submitted to the membership as directed by the Board of Directors, or upon filing with the Secretary a petition signed by at least one fifth of the voting power of the members of the Association.

8.3 Persons Affected. All lot owners, tenants of such owners, employees of owners and tenants, and any other persons that may in any manner use the property subject hereto shall be subject to the Declaration covering the subject property and to these Bylaws and all rules and regulations promulgated pursuant thereto, as the same may from time to time be amended.

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