

BY-LAWS OF HUNTER'S RIDGE HOMEOWNERS ASSOCIATION

1. NAME AND LOCATION

The name of the corporation is Hunter's Ridge Homeowners' Association, hereinafter referred to as "Association." The principal office of the Association shall be located at 1427 116th Avenue N.E., Bellevue, Washington 98004, but meetings of the Directors and members may be held at such places within the State of Washington, County of King, as may be designated by the Board of Directors.

2. DEFINITIONS

Unless otherwise specified, all terms shall have the same meaning in these By-Laws as such terms have in the (Declaration of Protective Covenants, Conditions, & Restrictions, for Hunter's Ridge). The terms "owners" and "members" as used herein shall be synonymous.

3. MEMBERS AND VOTING RIGHTS

3.1 MEMBERSHIP

There shall be only one owner for each lot. For the purpose of membership and voting, the owner shall be the holder of fee title or the contract purchaser.

3.2 VOTING RIGHTS.

With regard to voting rights, reference is made to Article Six of the By-Laws.

4. CERTIFICATE OF MEMBERSHIP

Certificates of membership in this Association may be issued to each member. If issued, the certificates shall be numbered and the respective members' names shall be entered in the membership register of this Association as the certificates are issued. The certificate shall exhibit members' names and shall be signed by the president and/or the secretary of the Association.

5. OWNERSHIP

No member shall have any right, title, or interest in or to the whole or any part of the property or assets of the Association and no member shall be entitled to either the whole or any part thereof in the event of termination of his membership in the Association.

6. MEETING OF MEMBERS

6.1 ANNUAL MEETING

The annual meeting of the members shall be held the fourth Wednesday of March of each year at 6:30 o'clock p.m. for the purpose of electing Directors and transacting such other business as may come before the meeting. If the election of Directors is not held on the date designated for the annual meeting of the members or any adjournment thereof, the election shall be held at a special meeting of the members as soon thereafter as is practicable.

6.2 SPECIAL MEETINGS

The president or the Board of Directors may call a special meeting of the members for any purpose. A special meeting of the members may also be called by the members having at least one-thirtieth (1/30) of the total ownership interest in the lots, and in the event such is the case, it shall be the duty of the secretary, upon request in writing by such members, to call such a

meeting of the membership, to be held at such time and place as the secretary may fix, not less than ten (10) days nor more than fifty (50) days after receipt of such request, and if the secretary shall neglect or refuse to issue such call within five (5) days of such receipt, the members making the request may issue the call, specifying therein the time and place of the meeting.

6.3 PLACE OF MEETINGS

All meetings shall be held at the principal office of the Association or such other place within King County, State of Washington, designated by the Board of Directors.

6.4 NOTICE OF MEETINGS

Written or printed notice stating the date, place, and hour of the meetings, and in the case of special meetings, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of that meeting, either personally, by mail, or by posting on mailbox stands, serving lots covered by the Association by or at the direction of the president or secretary or the members calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall deem to be delivered when deposited in the United States Mail addressed to the member at his address as it appears in the records of this Association with postage thereon prepaid.

6.5 QUORUM

Members holding five percent (5%) of the votes entitled to be cast at any meeting, represented in person or by proxy, shall constitute a quorum at the members' meeting. The vote of a majority of the votes entitled to be cast by the members present and represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members except as otherwise stated in the Declaration or Articles. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than 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 subsequent meetings shall be held more than sixty (60) days following the preceding meeting.

6.6 PROXIES

At all members' meetings, a member may vote by proxy, executed in writing by the member or by his attorney in fact. Such proxies shall be filed with the secretary of the Association before or at the time of the meeting. Unless otherwise provided in the proxy, a proxy shall be invalid after eleven (11) months from the date of its execution.

6.7 SUSPENSION

The Association, through its Board of Directors, has the right to suspend voting rights and rights to the use of the community areas and recreational facilities, if any, by any owner of a lot for a period during which an assessment against his lot remains unpaid and for a period not to exceed thirty (30) days for any infraction of the Associations' published rules and regulations.

7. BOARD OF DIRECTORS

7.1 POWERS AND QUALIFICATIONS

The affairs of the Association shall be managed by a Board of Directors who need not be members of the Association.

7.2 NUMBER

The Association shall, upon the completion of the Development Period, (to be defined as the construction and sale of the last house on the last lot covered by the Association) from among its members, elect a Board of Directors, who with the Association shall manage and administer the Property in accordance with the Declaration and By-Laws. The Board shall consist of five (5) members, elected from among the owners. Each Director shall hold office for the term for which he is elected until his successor shall have been elected and qualified.

7.3 ELECTION AND TERM

The members shall elect two Directors to serve a term of three (3) years, two Directors to serve a term of two (2) years, and one Director to serve a term of one (1) year or until his or their respective successors are elected and qualified. The terms shall be staggered to provide, as nearly as possible, for the election of one-third (1/3) of the Board of Directors to occur each year. At the expiration of any term, a Director may not be re-elected for at least one year after expiration of the term.

7.4 VACANCY

The Board of Directors shall have the power to fill by appointment any vacancy occurring in the Board and any directorship to be filled by any reason of any increase in the number of Directors as a result of amendment of these By-Laws. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office. Any Director appointed by the Board shall stand for election for the remainder of the specified term for such position at the next annual membership meeting.

7.5 REMOVAL

Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association after the Development Period.

7.6 COMPENSATION

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

8. MEETINGS OF THE BOARD OF DIRECTORS

8.1 ANNUAL MEETINGS

The annual meeting of the Board of Directors shall be held immediately after the annual membership meeting. Said meeting shall be held at the same place as the membership meeting unless some other place shall be specified by resolution of the membership at such meeting.

8.2 SPECIAL MEETINGS

Special meetings of the Board of Directors may be held at any place, at any time, within King County whenever called by the president or secretary or by any three members of the Board.

8.3 QUARTERLY MEETINGS

Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place, date, and hour as may be fixed from time to time by resolution of the Board of Directors.

8.4 NOTICE OF MEETINGS

No notice of annual meetings or of quarterly meetings of the Board of Directors shall be required. Notice of the time and place of any special meeting shall be given by the secretary or by the person or persons calling the meeting by mail, telegram, or by personal communication over the telephone or otherwise, at least three (3) days prior to the date on which the meeting is to be held. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except when a Director attends the meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted nor the purpose of any meeting of the Board of Directors need be specified in the notice or any waiver of notice of any special meeting.

8.5 QUORUM

A majority of the Board of Directors shall constitute a quorum for the transaction of business. The act of a majority of the Directors present at a meeting in which a quorum is present shall be the act of the Board of Directors. At any meeting of the Board of Directors at which a quorum is present, any business may be transacted and the Board may exercise all of its powers.

9. ACTION BY WRITTEN CONSENT

Any action required or permitted by the Articles of Incorporation, the By-Laws, the Declaration, or under the laws of the State of Washington, to be taken at a meeting of the Board of Directors of the Association may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Board of Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote and may be described as such.

10. WAIVER OF NOTICE

Whenever any notice is required to be given to any Director of the Association by the Articles of Incorporation, By-Laws or Declaration or by the laws of the State of Washington, a waiver thereof, in writing signed by the person or persons entitled to such notice, either before or after the time stated therein, shall be equivalent to giving of such notice.

11. NOMINATION OF DIRECTORS

11.1 NOMINATION

Nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the members, 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 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.

12. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

12.1 POWERS AND DUTIES

The Board of Directors shall have the powers and duties necessary for the administration of the affairs thereof consistent with the purposes and objects set forth in the Articles of Incorporation, Declaration, and By-Laws, and pursuant to the laws of the State of Washington. Without prejudice to the generality of the foregoing, the Board of Directors shall have the power and duty:

12.1.1 To adopt and publish rules and regulations consistent with the Articles of Incorporation, Declaration, and By-Laws, governing the use of the common area and properties, if any, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

12.1.2 To exercise for the Association all powers, duties, and authority vested in or delegated to this Association not reserved to the membership by the provisions of these By-Laws, the Articles of Incorporation, or the Declaration.

12.1.3 To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

12.1.4 To employ and remove at pleasure all officers, agents, employees, independent contractors, or such other persons as they deem necessary, prescribe their duties and fix their compensation.

12.1.5 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 at any special meeting thereof.

12.1.6 To supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed.

12.1.7 As more fully provided in the Declaration, to set the annual budget and allocate the assessment rate, provided, however, the assessment rate is subject to all terms and conditions of the Declaration.

12.1.8 To procure and maintain adequate liability insurance and to procure adequate hazard insurance on property owned by the Association.

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

12.1.10 To cause the common areas, if any, and any furniture, fixture, and mechanical equipment thereof to be administered, maintained, repaired, rebuilt, or replaced in accordance and consistent with all applicable laws, ordinances, rules, and regulations now or hereafter made by any governmental authority, and with the provisions of the Articles of Incorporation of the Association, the Declaration, and these By-Laws.

12.1.11 To make such expenditures as the Board deems expedient; provided, however, that the members of the Association, by resolution adopted by a two-thirds (2/3) vote at any meeting of the members, may restrict the amount of expenditures which can be made by the Board without prior approval of the members. The Board of Directors shall not have power to borrow money on behalf of the Association in excess of ten percent (10%) of the asset value of the Association unless authorized by a two-thirds (2/3) vote of the members of the Association at a meeting of the members.

12.1.12 To acquire by conveyance, contract, lease, or otherwise, property and rights of occupancy of property for the common benefit of the property of the members of the Association; to improve said property by the erection of structures and facilities to rent the same to members of the Association, all upon such terms and subject to such rules and regulations as the Directors may determine.

12.1.13 In the name of the Association to enforce and foreclose the lien of assessments of the Association as may be necessary for collection thereof.

12.1.14 To designate representatives to serve on the Architectural Control Committee, if any, and to enforce the provisions of restrictive covenants and declarations pertaining to the lands served by this Association, by the institution of litigation, or otherwise.

12.1.15 The Board of Directors may appoint a business manager who may exercise the authority of the Board between formal meetings of the Board, provided that all such authority so exercised shall be reported to the next meeting of the Board and submitted for approval by the Board; failing such approval, such actions of the business manager shall not be effective after the meeting of the Board of Directors at which considered except to the extent that formal continuing undertakings may have been made on behalf of the Association.

12.1.16 The Board of Directors shall not make political or charitable donations of the Association funds or property.

12.1.17 The Board of Directors is not authorized to adopt or enforce discriminatory rules or regulations or restrictions, nor take any action based on race, religion, national origin, or sex.

13. COMMITTEES

The Board of Directors may create committees, by resolution or resolutions passed by a majority of the Board, which to the extent provided in said resolution or resolutions or in other provisions of these By-Laws, shall have and may exercise the powers of the Board of Directors, or may perform advisory services as designated, regarding the management of the business and affairs of the Association.

14. OFFICERS AND THEIR DUTIES

14.1 PRESIDENT

The president shall be the principal executive officer of the Association and, subject to the Board's control, shall supervise and control all of the business and affairs of the Association. When present, he shall preside over all members' meetings and overall Board meetings. He shall have all of the general powers and duties which are usually vested in the office of President of a non-profit corporation.

14.2 VICE PRESIDENT

In the absence of the president or in the event of his Inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president.

14.3 SECRETARY

The secretary shall: (a) keep the minutes of the members' and Board meetings; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the Association records and of the seal of the Association; (d) keep a register of the post office address of each member as furnished to the secretary by each member; (e) and in general perform all duties incident to the office of secretary.

14.4 TREASURER

The treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association In such banks, trust companies, or other

depositories as shall be selected in accordance with the provisions of these By-Laws; prepare an annual budget and statement of income and expenditures to be presented to the members at its regular annual meeting; and in general perform all the duties incident to the office of treasurer.

14.5 SALARIES

The salaries, if any, of the officers shall be fixed from time to time by the Board, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a member of the Association.

15. LOANS PROHIBITED

No loans shall be made by the Association to any officer or to the Board of Directors.

16. CONTRACTS, CHECKS, AND DEPOSITS

16.1 CONTRACTS

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

16.2 CHECKS, DRAFTS, ETC.

All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents, of the Association and in such manner as is from time to time determined by the Board.

16.3 DEPOSITS

All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select.

17. FISCAL YEAR

The fiscal year of the Association shall end December 31.

18. ASSOCIATION SEAL

The seal of this Association, if the Board of Directors determines a seal is necessary, shall consist of the name of the Association, the state of its incorporation, and the year of its incorporation.

19. INDEMNIFICATION

To the full extent permitted by law, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative, or investigative action, suit, or proceeding (whether brought by or in the right of the Association or otherwise) by reason of the fact that he is or was a Director or officer of the Association, or is or was servicing at the request of the Association as a Director or officer of another association, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding; and the Board may, at any time, approve indemnification of any other person which the Association has the power to indemnify under the law. The Indemnification provided by this section shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract.

20. AMENDMENTS

These By-Laws may be altered, amended, or repealed, and new By-Laws may be adopted by the Board at any regular or special meeting of the Board provided there has been at least ten (10) days' notice of the meeting, which notice shall include the proposed amendment to the By-Laws.

21. BOOKS AND RECORDS

The Association shall keep current and complete books and records of account and shall have at least an annual audit, and shall keep minutes of the proceedings of Its Board and the committees having any authority of the Board.

22. RULES AND REGULATIONS

22.1 ADOPTION

The Board of Directors may, from time to time, and subject to the provisions of the Declaration, Articles of Incorporation, and these By-Laws, adopt, amend and repeal rules and regulations in order to preserve the benefit of Hunter's Ridge for all owners, their families, invitees, licensees and lessees, and for guests.

22.2 PROMULGATION

The secretary shall mail a true and correct copy of all rules and regulations or amendments thereto, to each member of the Association as appears on the membership roll of the Association at his last known address, and shall enter upon the records of the corporation his certificate of such mailing.

22.3 EFFECTIVE DATE

Any such rule or regulation or amendment thereto, adopted by the Board of Directors shall be effective commencing at 12:01 a.m. on the fifth (5th) day following the date of such mailing, unless the Board of Directors in adopting the same, shall specify some other effective date.

23. RULES OF PROCEDURE

The rules of procedure at the meeting of the Board of Directors of the Association shall be rules contained in Roberts' Rules of Order of Parliamentary Procedure, as amended, so far as applicable and when not inconsistent with these By-Laws, the Articles of Incorporation, or with any resolution of the Board of Directors.

In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control. In the case of any conflict between the Declaration and these By-Laws and the Articles, the Declaration shall control. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control. In the case of any conflict between the Declaration and these By-Laws and the Articles, the Declaration shall control.

Hunter's Ridge Homeowners Association By-Law Change Notification

On June 13, 2001 the Hunter's Ridge Homeowners Association (HRHA) Board of Directors is scheduled to approve the following changes to its By-Laws per Articles of Incorporation of HRHA Article XX, Amendments to By-Laws.

ARTICLE VII, BOARD OF DIRECTORS, 7.2 NUMBER

Amend to read: The Association shall, upon completion of the Development Period, (to be defined as the construction and sale of the last house on the last lot covered by the Association) from among its members, elect a Board of Directors, who with the Association shall manage and administer the property in accordance with the Declaration and By-Laws. The Board shall consist of a minimum of five (5) members, but no more than seven (7) members, elected from among the owners. Each Director shall hold office for the term for which he is elected until his successor shall have been elected and qualified.

ARTICLE VII, BOARD OF DIRECTORS, 7.3 ELECTION AND TERM

Amend to read: The members shall elect each of its Directors to serve a term of three (3) years. The terms shall be staggered to provide as nearly as possible for election of 1/3 of the Directors each year.