

BYLAWS
OF
ASPEN GROVE ESTATES
HOMEOWNERS' ASSOCIATION

ARTICLE 1
OBJECT AND DEFINITIONS

1.1 Purpose. The purpose for which this Association is formed is to govern, maintain and operate said Association for the Lot Owners of the Property which is described in Schedule A attached to the Declaration of Covenants, Conditions, Restrictions and Reservations of ASPEN GROVE ESTATES, plus any subsequent divisions or additions thereto. (hereinafter referred to as the "Declaration").

1.2 Assent. All present or future Owners, tenants, future tenants, or any other person using the facilities of the project in any manner are subject to the regulations set forth in these Bylaws and in the Declaration. The mere acquisition or rental of any of the Lots in the project or the mere act of occupancy of any of said Lots shall constitute ratification of these Bylaws.

1.3 Definitions. Unless otherwise specified, all terms shall have the same meaning in these Bylaws as such terms have in the Declaration. The terms "Owners" and "Members" as used herein shall be synonymous.

ARTICLE 2
MEMBERSHIP, VOTING, MEETINGS AND ADMINISTRATION

2.1 Matters Governed by Declaration. With regard to various matters including membership, meetings and voting, reference is made to the Declaration.

2.2 Additional Administrative Provisions.

2.2.1 Membership. The membership of the Association at all times shall consist exclusively of the owners of all real property over which the association has jurisdiction, both developed and undeveloped, including owners from subsequent divisions of ASPEN GROVE ESTATES. Each fee Owner (including Declarant) shall be entitled to one membership for each Lot owned, provided that if a Lot has been sold on contract, the contract purchaser shall exercise the rights of the Owner for the purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative, unless otherwise specified. Ownership of a Lot shall be the sole qualification for membership in the Association.

2.2.2 Transfer of Membership. The Association membership of each Lot Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way, except upon the transfer of title to said Lot, and then only to the transferee of title to such Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

2.2.3 Persons Under Disability. 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 or, in the case of a minor having no legal guardian of his estate, through a parent having custody of the minor.

2.2.4 Number of Votes. The total voting power of all Lot owners shall be 100%, with each member having one vote for each lot owned whether improve or not. A person (including Declarant) who owns more than one Lot shall have the percentage of votes appertaining to each Lot owned.

2.2.5 Vote. Except as otherwise provided by statute, by the Declaration, or by these Bylaws, passage of any matter submitted to vote at a homeowners meeting where a quorum is in attendance, shall require the affirmative vote of at least fifty-one percent (51%) of the voting power present AND passage of any matter submitted to vote at a Board meeting where a quorum is in attendance, shall require the affirmative vote of at least one-hundred percent (100%) of the members present if the Board consists of three (3) members or less, and shall require the affirmative vote of at least fifty-one percent (51%) of the members present if the Board consists of five (5) members or more.

2.2.6 Quorum Requirements for Association Meeting. At all meetings of the Association, thirty-four percent (34%) of the Owners, present in person or by proxy, at the beginning of the meeting, shall constitute a quorum, except in connection with amendment or repeal of the Declaration. If the required quorum is not present, another meeting may be called subject to the requirement of written notice sent to all members at least fourteen (14) days in advance of such meeting, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time but may not transact any other business. An adjournment for lack of a quorum shall be to a date not more than thirty (30) days from the original meeting date.

2.2.7 Voting Owner. There shall be one voting representative of each Lot. Declarant shall be considered an "Owner" and "Member" as that term is used herein and shall be the voting representative with respect to any Lot or Lots owned by Declarant. The voting representative shall be designated by the Owner or owners of each Lot by written notice to the Association and need not be an Owner. The designation shall be revocable at any time by actual notice to the Association of death or judicially declared incompetence of any party with an Ownership interest in the Lot. This power of designation and revocation may be exercised by the guardian or personal representative of an estate. Where no designation is made or where a designation has been made but is revoked and no new designation has been made, the voting representative of each Lot shall be the group composed of all of its Owners.

2.2.8 Joint-Owner Disputes. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. In the event that Joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event that more than one vote is cast for a particular Lot, none of said votes shall be counted, and said votes shall be deemed void.

2.2.9 Votes Pledged to Mortgagees. In the event that the record Owner or Owners have pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage or to a vendor under a duly recorded real estate contract only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Association. Amendments to this subsection shall be effective only upon the written consent of all the voting Owners and their respective Mortgagees and vendors, if any.

2.2.10 Proxies. Votes allocated to a Lot Owner may be cast pursuant to a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation of the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven (11) months after its date of issuance.

2.2.11 Voting by Mail. The Board may decide that voting of the Members shall be by mail with respect to any particular election of the Board or with respect to adoption of any proposed amendment to the Declaration of Bylaws, or with respect to any other matter for which approval by Owners is required by the Declaration or Bylaws, in accordance with the following procedure:

(a) In the case of election of Board Members by mail, the existing Board members shall advise the Secretary in writing of the names of proposed Board members sufficient to constitute a full Board and of a date at least fifty (50) days after such advice is given by which all votes are to be received. The Secretary within five (5) days after such advice is given shall give written notice of the number of Board members 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 Board members to be elected, by notice in writing to the Secretary at the 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 Board members to be elected, stating the names of all persons nominated to be elected, 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 Board members 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.

(b) In the case of a vote by mail relating to any other matter, the Secretary shall give written notice to all Owners, which notice shall include a proposed written resolution setting forth a description of the proposed action, and shall state that such persons are entitled to vote by mail for or against such proposal and stating a date not less than twenty (20) days after the date such notice shall have been given on or before which all votes must be received and stating that they must be sent to the specific address of the principal office of the Association. Votes received after that date shall not be effective.

(c) 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 2.2.11.

2.2.12 Annual Meetings and Notice and Audits. At least once each year during the first fiscal quarter thereof, there shall be an Annual Meeting of the members of the Association at such date, time and place as may be designated by the President, for the transaction of such business as may come before the meeting. Written notice of the time and location of such meeting shall be hand delivered or mailed by the secretary to each member of record by prepaid first class mail at least fourteen (14) days prior to said meeting. The notice shall specify the time, date and place of the meeting and the business to be placed on the agenda by the Board of Directors for vote by the members, including the general nature of any proposed amendment to the declaration, bylaws, articles of incorporation, any budget changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director. At least annually, the Association shall

prepare, or cause to be prepared, a financial statement of the Association. The financial statements of the Association with annual Assessments of fifty thousand dollars or more 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 proxy, at a meeting of the association at which a quorum is present, vote each year to waive the audit.

2.2.13 Special Meetings and Notice. Special meetings of the Lot Owners may be called at any time by the President of the Association, or a majority of the Board of Directors, or by Lot Owners having at least ten percent (10%) of the total votes in the Association. Not less than fourteen (14) days in advance of any meeting, the Secretary shall cause notice to be hand delivered or send prepaid by first class United States mail to the mailing address of each Lot Owner. The notice shall specify the time, date and place of the meeting and the business to be placed on the agenda by the board of directors for vote by the owners, including the general nature of any proposed amendment to the declaration, bylaws, articles of incorporation, and budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

2.2.14 Adjourned Meeting. If any meeting of the Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

2.2.15 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 Board Members (annual meeting only).
- G. Unfinished business.
- H. New business.

2.2.16 Parliamentary Authority. In the event of a dispute, the parliamentary authority for the meeting shall be governed by the most current available edition of Robert's Rules of Order, or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

ARTICLE 3 MANAGEMENT

3.1 Authority of the Board of Directors and Limitations. Except as provided in the Associations governing documents or this Article, the Board of Directors shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board of Directors shall exercise the degree of care and loyalty required of an officer or director of a corporation organized under Chapter 24.03 RCW. The Board of Directors shall not act on behalf of the Association to amend the Articles of Incorporation, 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 of Directors. The Board of Directors, for the benefit of the Project and the Owners, shall enforce the provisions of this Declaration and the Bylaws and shall have all powers and authority permitted to the Board under the Declaration, Articles of Incorporation and Bylaws.

3.2 Powers and Duties. The Board shall have the powers and duties provided for by statute, in the Declaration, and in these Bylaws, and all other powers necessary and proper for the governance and operation of the Association which is not prohibited by statute or contrary to law.

3.3 Managing Agent. Subject to statute and the provisions of the Declaration, the Board may employ an experienced professional managing agent to assist the Board in the management and operation of the Association.

3.4 Number of Directors. The affairs of the Association shall be governed by a Board which, after the termination of the period of Declarant control provided in Article 4 of the Declaration ("Transition Date"), shall be composed of at least five (5) members who must be Lot Owners, PROVIDED, however, that with the exception of Declarant appointed positions on the Board, at no time shall any two or more seats on the Board be held by the Owner or Owners of the same Lot. The Board shall elect the officers. Such members of the Board and officers shall take office upon election.

3.5 Election and Term of Office.

3.5.1 Declarant's Powers Until Transition Date. During the period of management by Declarant under the Declaration, Declarant may at such times as it deems appropriate establish a three (3) person Board of Directors, and Declarant, or a managing agent selected by Declarant, may appoint and remove the Officers and members of the Board of Directors.

3.5.2 Election of Board of Directors by Lot Owners. Within thirty (30) days after the Transition Date, the Lot Owners shall elect a Board of Directors of a least five (5) persons who must be Lot Owners. The Board of Directors shall elect the Officers. Such members of the Board of Directors and Officers shall elect a

President from among its members, who shall preside over meetings of the Board and meetings of the Association.

3.5.3 Election and Term of Office. The members of the first Board elected entirely by the Owners (other than by an election held when Declarant still owned all of the Lots) shall serve terms of office as follows: one (1) director shall serve for a term of one year, two (2) directors shall serve a term of two years, and the remaining two (2) directors shall serve a term of three years. At each annual meeting after the first initial owner elected Board is established, the Association members shall elect to a three-year term one new director for each director whose term shall have expired that year. The number of directors may be changed by amendment of the Bylaws.

3.5.4 Vacancies Vacancies for the unexpired portion of the term of a member of the Board caused by any reason other than the removal of a Board member by a vote of the Association shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum; and each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Association.

3.5.5 Removal of Board Members. At any regular or special meeting called for that purpose, the Lot Owners, by a two-thirds (2/3rds) vote of the voting power in the Association present and entitled to vote at any meeting of the Association at which a quorum is present, may remove any member of the Board with or without cause, other than a member appointed by the Declarant, and a successor may then and there be elected to fill the vacancy this created.

3.5.6 Compensation. No compensation shall be paid to members of the Board for their services they may render.

3.5.7 Organizational Meeting. The first meeting of a newly elected Board shall be held immediately following the annual meeting and no notice shall be necessary to the newly elected Board Members in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

3.5.8 Regular Meeting. 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 Board members, but at least two (2) such meetings shall be held during each fiscal year and one (1) such meeting shall be held immediately following the annual meeting of Owners. Notice of regular meetings of the Board shall be given to each Board member, personally, or by mail, telephone, facsimile or telegraph, at least three (3) days prior the day named for such meeting.

3.5.9 Special Meetings. Special Meetings of the Board may be called by the President on three (3) days notice to each Board member, given personally, or by mail, telephone, facsimile or telegraph, 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 and Secretary in like manner and on like notice on the written request of at least two (2) Board members.

3.5.10 Open/Closed Meeting. Except as provided in this subsection, all meetings of the Board of Directors shall be open for observation by all owners of record and their authorized agents. 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 communications with legal counsel; and discuss likely or pending litigation matters involving the 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 state 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 meeting only to 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 such other action which is reasonably identified. The requirements of this subsection shall not require the disclosure of information in violation of law of which is not otherwise exempt from disclosure.

3.5.11 Waiver of Notice. Before, at or after any meeting of the Board, any Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member 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.

3.5.12 Quorum. At all meetings of the Board, a majority thereof shall constitute a quorum for the transaction of business. The acts of the majority of the Board members present at a meeting at which a quorum is present shall be the acts 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. An adjournment for lack of a quorum shall be to a date not more than thirty (30) days from the original meeting date. At such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

ARTICLE 4
OFFICERS

4.1 Designation. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board, annually.

4.2 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 the offices of President and Secretary. The office of Vice President need not be filled. The Board may elect officers from among its members, or otherwise.

4.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed from his position as an officer but not as a Board member, with or without cause, and his successor elected at any regular or 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 preside at all meetings of the Association and the Board. He 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 powers to appoint committees from among the Owners 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 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 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.

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.

4.8 Assistant Secretary. The Board may appoint one (1) 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 (1) or more Assistant Treasurers to perform all of the duties of the Treasurer in the absence of the Treasurer.

ARTICLE 5 LOSS OF PROPERTY

5.1 The Board of Directors shall not be liable or responsible for the destruction or the loss of or damage to the property of any member or the guest of any member, or visitor, or other person.

ARTICLE 6 MAINTENANCE CHARGES

6.1 The Board of Directors shall have the right and power to subject the property situated in the plat of ASPEN GROVE ESTATES, including all divisions thereof, except the Common Areas located therein, to assess an annual maintenance charge. Commencing 30 days following the recording of the first plat of ASPEN GROVE ESTATES, and on the same day of each year thereafter, each owner of property in ASPEN GROVE ESTATES, including all divisions thereof, other than the declarant, shall pay to the Association, in advance, the maintenance charges assessed against his/her property, and such payments shall be used by the Association as stated in the Declaration. The charge will be delinquent when not paid within thirty (30) days after it becomes due. In the event that an owner acquires title to property in ASPEN GROVE ESTATES, including all divisions thereof, after the annual date for maintenance charge, then such owner shall be given a pro rata credit for the annual maintenance charge from the due date to the date on which such owner acquires title, or becomes a contract purchaser.

6.2 The annual charge may be adjusted or reduced from year to year by the Board of Directors as the needs of the property, in its judgement, may require, but in no event shall the increase in any year exceed the sum of Twenty-Five percent (25%) of the preceding year's assessment.

ARTICLE 7 ADOPTION OF BYLAWS AND AMENDMENTS

Bylaws for the administration of the Association and for other purposes not inconsistent with the intent of this Declaration shall be adopted by the Association upon concurrence of those voting Owners holding a majority of the voting power at a regular or special meeting. Notice of the time, place and purpose of such meeting shall be delivered to each Lot Owner at least fourteen (14) days prior to such meeting. Amendments to the Bylaws may be adopted by a two-thirds (2/3) vote at a regular or special meeting similarly called. Declarant may adopt the initial Bylaws.

ARTICLE 8
EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING
ADDRESS AND REQUIRED PROXIES

8.1 Proof of Ownership. Any person on becoming an Owner shall furnish to the Manager or Board a photocopy of the recorded instrument vesting that person with an interest or ownership, which instrument shall remain in the files of the Association; provided, that a failure to meet this requirement shall not invalidate an otherwise valid transfer of ownership.

8.2 Registration of Mailing Address. Each Owner 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 of an Owner 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 of the Owners of the Lot or by such persons as are authorized by law to represent the interests 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 registered address until another registered address is furnished as permitted under this Section.

Registered addresses may be changed from time to time by similar designation.

ARTICLE 9
NONPROFIT ASSOCIATION

This Association is not organized for profit. No Member, member 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 thereof, 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 members of the Board. The foregoing, however, shall neither prevent nor restrict the following: (1) reasonable compensation may be paid to any Member or Manager 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 Member or Board member 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 10
FISCAL YEAR

The Fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of each year.

ARTICLE 11
ADOPTION

These Bylaws were duly approved and adopted this ____ day of _____, 2001.

DECLARANT(S):

By: 151 _____

By: 151 _____

By: _____