

**Restatement of the
Bylaws
for
The Village at Union Mills Home Owner's Association**



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Page: 1 of 18

10/20/2003 03:49P

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TABLE OF CONTENTS
Bylaw of the Village at Union Mills HOA

Article 1.	Definitions		1
1.1	Association	1	
1.2	Articles of Incorporation	1	
1.3	Declaration	1	
1.4	Incorporation by Reference	1	
Article 2.	Membership		1
2.1	Membership	1	
2.2	Membership List	1	
Article 3.	Meetings and Voting		1
3.1	Place of Meetings	1	
3.2	Turnover Meeting	2	
3.3	Annual Meeting	2	
3.4	Special Meetings	2	
3.5	Order of Business	2	
3.6	Notice of Meeting	3	
3.7	Quorum	3	
3.8	Voting	3	
3.9	Voting Rights	4	
3.10	Proxies	4	
3.11	Majority Vote	5	
3.12	Ballot Meetings	5	
Article 4.	Directors: Management		5
4.1	Qualification	5	
4.2	Interim Board	5	
4.3	Board of Directors	5	
4.4	Transitional Advisory Committee	6	
4.5	Vacancies	6	
4.6	Removal of Directors	6	
4.7	Powers	7	
4.8	Meetings	8	
4.9	Open Meetings - Notice	8	
4.10	Quorum and Vote	9	
4.11	Liability	9	
4.12	Compensation	9	

Article 5.	Officers	9
5.1	Designation and Qualification	9
5.2	Election and Vacancies	9
5.3	Removal and Resignation	9
5.4	President	10
5.5	Vice Presidents	10
5.6	Secretary	10
5.7	Treasurer	10
Article 6.	Executive and Other Committees	11
Article 7.	Assessments, Records and Reports	11
7.1	Assessments	11
7.2	Records	12
7.3	Inspection of Books and Records	12
7.4	Payment of Vouchers	12
7.5	Execution of Documents	13
7.6	Reports and Audits	13
Article 8.	Insurance	13
8.1	Types of Insurances:	13
	(a) Casualty & Liability Insurance	13
	(b) Directors & officer Insurance	13
	(c) Fidelity Insurance	14
Article 9.	Amendments to By Laws	14
9.1	How Proposed	14
9.2	Adoption	14
9.3	Recording	14
Article 10.	General Provisions	15
10.1	Seal	15
10.2	Notice	15
10.3	Waiver of Notice	15
10.4	Action Without Meeting	15
10.5	Conflicts and Severability	15



3587952

Page: 3 of 18

10/20/2003 03:49P

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\$36.00

Thurston Co. Wa.

**BYLAWS
OF
THE VILLAGE AT UNION MILLS HOME OWNER'S ASSOCIATION**

**ARTICLE 1.
DEFINITIONS**

1.1 Association. Means The Village at Union Mills Home Owner's Association, a nonprofit corporation organized and existing under the laws of the State of Washington.

1.2 Article of Incorporation. Means the Articles of Incorporation of the Association.

1.3 Declaration. Means the Declaration of Protective Covenants, Conditions, and Restrictions for the Village at Union Mills recorded on February 3, 1999, as Document No. 3208529 of the Deed Records of Thurston County, Washington as the same may be subsequently amended or supplemented pursuant to the terms thereof.

1.4 Incorporation by Reference. Except as otherwise provided herein, the terms which are defined in Section 1 of the Declaration are used in these Bylaws as therein defined.

**ARTICLE 2.
MEMBERSHIP**

2.1 Membership. Every Owner of one of more lots within the property shall, during the entire period of such ownership, be a member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

2.2 Membership List. The Secretary shall maintain at the principal office of the Association a membership list showing the name and address of the Owner of each Lot. The Secretary may accept as satisfactory proof of such ownership a duly executed and acknowledged conveyance, a title insurance policy, or other evidence reasonably acceptable to the Board of Directors.

**ARTICLE 3.
MEETINGS AND VOTING**

3.1 Place of Meetings. Meetings of the members of the Association shall be held at such reasonable place convenient to the members as may be designated in the notice of the meeting.



3.2 Turnover Meeting. Not more than thirty (30) days after the occurrence of the first of the events which cause Declarant's Class B status as a member of the Association for voting purposes to cease as stated in Section 3.8 below, the Declarant shall call a "Turnover Meeting" of the Owners by giving notice to each Owner as provided in Section 3.6 below. The purpose of said meeting shall be to allow the Declarant to formally "turn over", and for the Association to formally accept and assume, all rights and responsibilities for control, management and administrative responsibility for the entire Property to the Association, and control of the Association to the Owners and a Board of Directors comprised of Persons elected by the members of the Divisions and appointed, as aforesaid. Declarant may elect to turn over control, managements and administrative responsibility of the Property, or portions thereof, and/or control of the affairs of the Association to the Owners at any time prior to the time the Turnover meeting above described is required by delivering to the Association Board of Directors written notice of its intent to do so effective as of a date not less than forty-five (45) days following the date of such notice. In any event, Turnover shall be deemed for all purposes to have occurred on the date of any meeting called in accordance with the first sentence of this Section or on the effective date stated in the notice described in the immediately preceding sentence, and, with respect to Common property, Turnover shall be deemed to have occurred with respect to any specific Common Property, upon conveyance of such Common Property to the Association.

(a) Failure to Call Turnover Meeting. If Declarant does not call the Turnover Meeting required by this Section, or fails to otherwise turn over administrative responsibility for the Property, the Common Property and effective control of the Association as therein provided for, then the Association or any Owner may call such a meeting and give notice as required by this Section.

3.3 Annual Meeting. The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such reasonable hour and on such reasonable day during the month of February of each year at such time and place determined by the Board of Directors. The first annual meeting shall be held within one year from the date of the Turnover Meeting.

3.4 Special Meetings. A special meeting of the Association may be called at any time by the President or by a majority of the Board of Directors. A special meeting shall be called upon receipt of a written request stating the purpose of the meeting from members having twenty-five percent (25%) of the voting rights entitled to be cast at such meeting.

3.5 Order of Business. At the meetings of members, the order of business shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of last meeting.
- (d) Reports of Officers.
- (e) Reports of Committees.

- (f) Election of Directors (annual meeting or special meeting called for such purpose).
- (g) Unfinished Business.
- (h) New Business.
- (i) Adjournment.

3.6 Notice of Meeting.

(a) Written or printed notice stating the place, day and hour of the meeting, the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, any proposal to remove a director or officer and, in case of a special meeting, 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 the meeting. Such notice shall be given either personally or by mail, by or at the direction of the President, or the Secretary, or the persons calling the meeting, to each member entitled to vote at such meeting, and to all mortgagees who have requested such notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage fully prepaid thereon, addressed to the member at his most recent address as it appears on the records of the Association or to the mailing address of his Lot.

(b) When a meeting is adjourned for thirty (30) days or more, or when a re-determination of the persons entitled to receive notice of the adjourned meeting is required by law, notice of the adjourned meeting shall be given as for an original meeting. In all other cases, no notice of the adjournment or of the business to be transacted at the adjourned meeting need to be given other than by announcement at the meeting at which such adjournment occurs.

3.7 Quorum. at any meeting of the Association, members having twenty percent (20%) of the voting rights entitled to be cast at such meeting, present in person or by proxy, shall constitute a quorum, except when a larger quorum is required by the Declaration. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members. If any meeting of members cannot be organized because of lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called until a quorum is present.

3.8 Voting.

(a) Until Turnover, the Association shall have two classes of voting membership:

Class A: Means all Owners, with the exception of Declarant. Class A members shall be entitled to voting rights for each Lot and, when and if applicable, each unit ownership interest owned by such Owners, computed in accordance with provisions elsewhere contained and set forth in the Declaration. When and if more than one person or party is an Owner of a Lot (or unit ownership interest), the voting rights of



3587952

Page: 6 of 18

10/20/2003 03:49P

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such Owners shall be exercised as they among themselves shall determine or resolve; in no event shall the common Owners of any Lot (or ownership interest) be entitled to more votes than those which might be cast by a sole owner of such Lot as to the manner of voting, the vote of such Owners shall be disregarded for all purposes under these Bylaws until such time as the Association shall receive written notice from all such Owners affording one o their number, or a single proxy, the right and authority to exercise all voting rights of such Owners.

Class B: Refers to Declarant as an Owner and member of the Association and to its successor(s) in interest as the Declarant. Declarant or its said successor(s) in interest as the Declarant hereunder shall have three (3) votes for each Lot owned until: (1) seventy-five percent (75%) of all Lots now, or hereafter, created within the Property or out of any additional real property annexed to the Property by Declarant or by the Association in accordance with the terms and provisions respecting annexation of additional property contained in the Declaration, shall have been conveyed to an Owner or Owners other than an Owner or Owners constructing new, previously unoccupied, Living Units and related improvements on such Lots for resale or rental purposes, or (2) such time as Declarant or its said successor(s) shall elect, by written notice delivered to the Association, to terminate its status as the Class B member, or (3) on December 31, 2014, whichever first occurs.

3.9 Voting Rights.

(a) Voting. Subject to the provisions of Subsection 3.3 (a) of the Declaration and Section 3.8 of the Bylaws above, each Lot shall be allocated one (1) vote in the affairs of the Association. If an Owner owns more than one Lot, he or she shall have one vote for each Lot Owned. Following Turnover, Declarant shall be entitled to vote as the Owner of any Lot(s) then or thereafter owned by Declarant, and the Association shall be entitled to vote as the Owner of Lot(s) then or thereafter owned by the Association. The Association shall not be entitled to vote as the Owner of any such Lot(s) in any election of directors. Subject to the provisions of Section 3.8 of these Bylaws, with respect to the internal organization, affairs and actions of any Division, each Lot or unit ownership interest included in such Division shall have the same ability to control and influence such internal organizations, affairs and actions as every other Lot or unit ownership interest included in such Division.

(b) Non-Owner Voting Rights. Subject to the provisions of Subsection 3.3 (a), of the Declaration, no lessee, tenant or occupant of any Living Unit in a multi-Family Structure shall be a member of the Association nor shall any lessee, tenant or occupant have any voting rights unless he, she, or it is also an Owner of such Lot. No Lessee, tenant or occupant of any Lot may exercise proxy voting rights of the Owner of that lot regardless of any written or verbal declaration of the owner to the contrary.

3.10 Proxies. Every member entitled to vote or to execute any waiver or consent may do so either in person, by absentee ballot or by written proxy duly executed and filed with the Secretary of the Association. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over the meeting. A proxy shall not be valid if it is undated or purports to be



3587952

Page: 7 of 18

10/20/2003 03:49P

AHO CONSTRUCTION INC MISC \$36.00 Thurston Co. Wa.

revocable without notice. A proxy shall terminate one (1) year after its date unless the proxy specifies a shorter term. Mortgagees may designate a representative to attend any meeting of the Association.

3.11 Majority Vote. The vote of a majority of the voting rights entitled to be cast by the members present or represented by absentee ballot or proxy, at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by law, by the Declaration, by the Articles of Incorporation, or by these Bylaws.

3.12 Ballot Meetings. At the discretion of the Board of Directors, any matter which might come before the Association at a meeting, including election of directors, may be determined by proxy ballot rather than at a formal gathering. Ballots shall be sent to all Owners in the same manner as notice of meetings, with a specified deadline for return of ballots. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage of ballots returned, unless approval of a specified percentage of all voting rights is required by law, the Declaration or these Bylaws. The vote of a ballot meeting shall be determined by the Board of Directors within 48 hours of the deadline for return of ballots. Within ten (10) days after the ballots have been counted, each Owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned.

ARTICLE 4. DIRECTORS: MANAGEMENT

4.1 Qualification. The affairs of the Association shall be governed by a Board of Directors of three (3) or more persons. All directors, other than interim directors appointed by Declarant, shall be Owners or co-Owners of Lots. For purposes of this section, the officers of any corporate Owner and the partners of any partnership shall be considered co-Owners of any Lots owned by such corporation or partnership.

4.2 Interim Board. Prior to, or immediately following the recording of the Declaration, the Declarant appointed an interim Board of Directors of the Association consisting of not less than two (2) directors. The members of the interim Board of Directors of the Association shall serve until replaced by Declarant or until their successors have been elected by the Owners as provided for at Section 318 above and/or at Turnover as described in Section 3.2.

4.3 Board of Directors. At and after the date the first Lot in Village Phase 1 is conveyed to a resident Owner, the Board of Directors of the Association shall be comprised of an odd number of natural persons, no less than three (3). One member of the Board of Directors shall be elected by a plurality of votes cast for the election of a director by the members of each Division and the last "at large" member shall be appointed by the other two directors. If there are more than two directors elected by the Owners pursuant to the Articles or Bylaws of the Association, then the person serving in the "at large" position on the Board shall be appointed by a majority of the other



directors. Each director representing a Division on the Association Board of Directors must be a member of the Division he or she represents. No person may simultaneously serve as a director on behalf of more than one Division. In the event a Division shall fail, neglect or refuse to elect a member thereof to serve as a member of the Board, or in the event of a vacancy occurring on the Board, the position of such director(s) shall be filled in accordance with the terms and provisions of the Bylaws.

4.4 Transitional Advisory Committee. Unless the Turnover meeting described in Section 3.2 above has already taken been held, Declarant shall call a meeting of the Owners for the purpose of forming a Transitional Advisory Committee. The meeting shall be called within sixty (60) days of conveyance to persons other than Declarant of Lots representing fifty percent (75%) of the voting rights of the Association. Declarant shall give notice of the meeting as provided in Section 3.6 above. The committee shall consist of two (2) or more members elected by the Owners other than Declarant and not more than one representative of Declarant. The members shall serve until the Turnover Meeting. The Transitional Advisory Committee shall be advisory only and its purpose shall be to enable ease of transition from control of the administration of the Association by Declarant to control by the members. The committee shall have access to any information, documents and records which Declarant must turn over to the members at the time of the Turnover Meeting. If Declarant fails to call the meeting to elect a Transitional Advisory committee within the time specified, the meeting may be called and notice given by any Owner.

4.5 Vacancies.

(a) A vacancy in the Board of Directors shall exist upon the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the members fail at any annual or special meeting of members at which any director or directors are to be elected to elect the full authorized number of directors to be voted for at the meeting.

(b) Vacancies in the Board of Directors, other than interim directors or directors elected by the Class B member, may be filled by a majority of the remaining directors even though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the un-expired term and until his successor is elected. Vacancies in interim directors and directors elected by Class B member shall be filled by Declarant.

4.6 Removal of Directors. All or any number of directors, other than interim directors and directors elected by Class B member, may be removed, with or without cause, at any meeting of members at which a quorum is present, by a vote of a majority of the number of votes entitled to be cast at an election of directors. No removal of a director shall be effective unless the matter of removal was an item on the agenda and stated in the notice of the meeting as provided in these Bylaws.



4.7 Powers. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Owners. The powers and duties to be exercised by the Board of Directors shall include, but not be limited to those set forth in Article 4, Powers, in the Articles of Incorporation and the following:

(a) Carry out the maintenance program described in the Declaration and these Bylaws.

(b) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however, the Board may not incur or commit the Association to incur legal fees in excess of \$5000 for any specific matter unless the Owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the voting rights present in person or by absentee ballot or proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association or Board of Directors from claims or litigation brought against them.

(d) Opening of bank accounts on behalf of the Association and designating the signatories required therefore.

(e) Preparing or causing to be prepared and filed any required income tax returns or forms for the Association.

(f) Purchasing Lots at foreclosure or other judicial sales in the name of the Association, or its designee.

(g) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with Lots acquired by the Association or its designee.

(h) Obtaining insurance or bonds pursuant to the provision of these Bylaws, and reviewing such insurance coverage at least every two (2) years.

(i) From time to time adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the Lots as the Board of Directors may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. Such action may be modified by vote of not less than seventy-five percent (75%) of the voting rights of each class of members present, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation of rules and regulations will be under consideration.



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3587952

Page: 10 of 18

10/20/2003 03:49P

Thurston Co. Wa.

(j) Enforcement by legal means of the provisions of the Declaration, these Bylaws and any rules and regulations adopted hereunder.

(k) In the name of the Association, maintain a current mailing address of the Association.

4.8 Meetings.

(a) Meetings of the Board of Directors shall be held at such place as may be designated from time to time by the Board of Directors or other persons calling the meeting.

(b) Annual meetings of the Board of Directors shall be held within thirty (30) days following the adjournment of the annual meetings of the members.

(c) Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or by any two Directors.

4.9 Open Meetings: Notice.

(a) All meetings of the Board of Directors shall be open to Owners. Such meeting may be conducted by telephonic communication, except that if a majority of the Lots are principal residences of the occupants, then: 91) for other than emergent meetings, notice of each Board of Directors' meeting shall be posted at a place or places on the Property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meetings; 92) emergency meetings may be held without notice, if the reason of the emergency is stated in the minutes of the meeting; (3) only emergency meetings of the Board of Directors may be conducted by telephonic communication.

(b) Notice of the time and place of special meetings shall be given to each director orally or delivered in writing personally or by mail or telecopy at least twenty-four (24) hours before the meeting. Notice shall be sufficient if actually received at the required time or if mailed or faxed not less than seventy-two (72) hours before the meeting. Notice mailed or faxed shall be directed to the address shown on the Association's records or to the director's actual address ascertained by the person giving the notice. Such notice need not be given for an adjourned meeting if such time and place is fixed at the meeting adjourned.

(c) Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.10 Quorum and Vote.

(a) A majority of the Directors shall constitute a quorum for the transaction of business. A minority of the Directors, in the absence of a quorum, may adjourn from time to time but may not transact any business.

(b) The action of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors unless a greater number is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

4.11 Liability. A member of the Board of Directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional acts. In the event any member of the Board of Directors or any officer of the Association is made a party to any proceeding because the individual is or was a Director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

4.12 Compensation. No director shall receive any compensation from the Association for acting as such.

ARTICLE 5. OFFICERS

5.1 Designation and Qualification. The officers of the Association shall be the President, the Secretary and the Treasurer and such Vice Presidents and subordinate officers as the Board of Directors shall from time to time appoint. The President shall be a member of the Board of Directors, but the other officers need not be directors. Officers need not be members of the Association. Any two offices may be held by the same person except the offices of President and Secretary.

5.2 Election and Vacancies. The offices of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board to serve for one year and until their respective successors are elected. If any office shall become vacant by reason of death, resignation, removal, disqualification or any other cause, the Board of Directors shall elect a successor to fill the un-expired term at any meeting of the Board of Directors.

5.3 Removal and Resignation.

(a) Any officer may be removed upon the affirmative vote of a majority of the directors whenever in their judgment the best interests of the Association will be served thereby. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer so removed.



(b) Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Association. Any such resignation shall take effect upon receipt of such notice or at any other time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective, provided that the Board of Directors may reject any post-dated resignation by notice in writing to the resigning officer. The effectiveness of such resignation shall not prejudice the contract rights, if any, of the Association against the officer so resigning.

5.4 President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and affairs of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall be an ex-officio member of all the standing committees, including the executive committee, if any, shall have the general powers, duties of management usually vested in the office of president of a nonprofit corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors on these Bylaws.

5.5 Vice Presidents. The Vice Presidents, if any, shall perform such duties as the Board of Directors shall prescribe. In the absence or disability of the President, the President's duties and powers shall be performed and exercised by the Senior Vice President as designated by the Board of Directors.

5.6 Secretary.

(a) The Secretary shall keep or cause to be kept a Book of Minutes of all meetings of directors and members showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the notice given, the names of those present at Directors' meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

(b) The Secretary shall give or cause to be given such notice of the meetings of the members and of the Board of Directors as is required by these Bylaws or by law. The Secretary shall keep the seal of the Association, if any, and affix it to all documents requiring a seal, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors of these Bylaws.

(c) If there are no Vice Presidents, then in the absence or disability of the President, the President's duties and powers shall be performed and exercised by the Secretary.

5.7 Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements. The books of accounts shall at all reasonable times be open to inspection by any director. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The treasurer shall disburse the funds of the Association as



3587952

Page: 13 of 18

10/20/2003 03:49P

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may be ordered by the Board and shall render to the President and Directors, whenever they require it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of these Bylaws.

ARTICLE 6. EXECUTIVE AND OTHER COMMITTEES

Subject to law, the provisions of the Articles of Incorporation and these Bylaws, the Board of Directors, by a vote of a majority of the Directors in office, may appoint an executive committee and such other standing or temporary committees as may be necessary from time to time, consisting of not less than two of the directors in office and having such powers as the Board of Directors may designate. Such committees shall hold office at the pleasure of the Board.

ARTICLE 7. ASSESSMENTS, RECORDS AND REPORTS

7.1 Assessments. As provided in the Declaration, the Association, through its Board of Directors, shall do the following:

(a) Assess and collect from every Owner assessments in the manner described in the Declaration.

(b) Keep all funds received by the Association as assessments, other than reserves described in Subsection 10.5 of the Declaration, in the Operations Fund and keep all reserves collected pursuant to Section 10.5 of the Declaration in the Reserve Fund, and use such funds only for the purposes described in the Declaration.

(c) From time to time, and at least annually, prepare a budget for the Association, estimating the common expenses expected to be incurred with adequate allowance for reserves, and determine whether the Annual Assessment should be increased or decreased. Within thirty (30) days after adopting a proposed annual budget, the Board of Directors shall provide a summary of the budget to all Owners. If within thirty (30) days after the summary is provided to the Owners, the Board of Directors is petitioned by Owners representing twenty percent (20%) of the voting rights of the Association, the Board shall call a meeting of the Owners to consider rejection of the budget. The date of the meeting shall be not less than fourteen (14) nor more than thirty (30) days after receipt of the petition. At the meeting, whether or not a quorum is present, the budget shall be adopted unless seventy-five (75%) or more of the voting rights of the Association rejects the budget. If the proposed annual budget is rejected, the last annual budget shall continue in effect until the Owners approve a subsequent budget.

(d) Fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of any assessment shall be sent to every Owner subject thereto and to any first mortgagee requesting such notice. The due dates shall be established by the Board of Directors,



which may fix a regular flat assessment payable on a monthly, quarterly, semi-annual or annual basis. The Board of Directors shall cause to be prepared a roster of the Lots showing assessments applicable to each Lot. The roster shall be kept in the Association office and shall be subject to inspection by any Owner or mortgagee during regular business hours. Within ten (10) business days after receiving a written request, and for a reasonable charge, the Association shall furnish to any Owner or mortgagee a recordable certificate setting forth the unpaid assessments against such Owner's Lot. Such certificate shall be binding upon the Association, the Board of Directors, and every Owner as to the amounts of unpaid assessments.

(e) When additional property(s) are annexed, the Board of Directors shall assess any Lots included therein in accordance with the provisions of the Declaration.

(f) Enforce the assessments in the manner provided in the Declaration.

(g) Keep records of the receipts and expenditures affecting the Operations Fund and Reserve Fund and make the same available for examination by members and their mortgagees at convenient hours, maintain an assessment roll showing the amount of each assessment against each Owner, the amounts paid upon the account and the balance due on the assessments, give each member written notice of each assessment at least thirty (30) days prior to the time when such assessment shall become due and payable; and for a reasonable charge, promptly provide any Owner or mortgagee who makes a request in writing with a written certificate of such Owner's unpaid assessments.

7.2 Records. The association shall keep correct and complete financial records sufficiently detailed for proper accounting purposes, shall keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and retain all documents, information and records turned over to the Association by Declarant.

7.3 Inspection of Books and Records. During normal business hours or under other reasonable circumstances, the Association shall make available to Owners, prospective purchasers and lenders, and to holders of any mortgage of a Lot, current copies of the Declaration, Articles, Bylaws, Policies and Procedures, amendments or supplements to such documents and the books, records, financial statements and current operating budget of the Association. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. In addition, the Association shall make all other records of the association available for examination by an Owner or any mortgagee. The Association may charge a reasonable fee for furnishing copies of such documents, information or records.

7.4 Payment of Vouchers. The Treasurer shall pay all vouchers for all budgeted items and for any non-budgeted items up to \$1000 signed by the President, managing agent, manager or other person authorized by the Board of Directors, any

voucher for non-budgeted items in excess of \$1000 shall require the authorization of the President.

7.5 Execution of Documents. The board of Directors may, except as otherwise provided in the Declaration, Articles of Incorporation or these Bylaws authorize any officer to agent to enter in to any contract or execute any instruction in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or for any amount.

7.6 Reports and Audits. An annual financial statement consisting of a balance sheet and income and expense statement fro the preceding year shall be rendered by the Board of Directors to all Owners and to all mortgagees who have requested the same within ninety (90) days after the end of each fiscal year. From time to time, the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the members. At any time any Owner or holder of a mortgage may, at their own expense, cause an audit or inspection to be made of the books and records of the Association.

ARTICLE 8. INSURANCE

8.1 Types of Insurance. For the benefit of the Association and the Owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of common expense funds, the following insurance:

(a) **Casualty and Liability Insurance.** The Board shall at all times cause any insurable improvements located on the Common Areas and Limited Common Areas, and each Owner shall at all times cause all insurable Improvements located on his or her Lot, to be insured against loss or damage by fire and other insurable hazards, including extended coverage, vandalism, and malicious mischief, for the full replacement value thereof. Owners may obtain any other insurance they deem prudent. The Board shall also at all times maintain public liability insurance covering all Common Areas and Limited Common Areas insuring the Association in the amount of at least \$1,000,000 for bodily injury and property damage for any single occurrence, which insurance shall provide that it cannot be canceled or substantially modified without at least thirty (30) day's written notice to the Association.

(b) **Director and Officer Insurance.** At the discretion of the Board of Directors, the Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Association, or is or was serving at the request of the Association, against any liability asserted against such person an incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify such



person against such liability under the provisions of the Articles of Incorporation of the Association.

(c) Fidelity Insurance. The Board of Directors may cause the Association to maintain blanket fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of, managing agent, the Board of Directors may require such agent to maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of the Association. The total amount of fidelity coverage required shall be based upon the best business judgment of the Board of Directors.

ARTICLE 9. AMENDMENTS TO BYLAWS

9.1 How Proposed. Amendments to these Bylaws shall be proposed by either a majority of the Board of Directors or by members having twenty-five percent (25%) of the voting rights entitled to be cast for such amendment. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

9.2 Adoption. The proposed amendment may be adopted by the membership at a regular or special meeting of the members called for that purpose, at which a quorum is present, by an affirmative majority of the voting rights of the Association present at such meeting in person or by absentee ballot or by proxy, together with the written consent of the Class B member, if any. Those provisions of these Bylaws which are governed by the Declaration, however, may not be amended except as provided in the Declaration. So long as there is a Class B member, the prior approval of the Federal Housing Administration or the Veteran's Administration shall be required for any such amendment, if the property was previously approved by such agencies, and if such agencies so require.

Notwithstanding the provisions of the preceding paragraph, until termination of the Class B membership, Declarant shall have the right to amend these Bylaws in order to comply with the requirements of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, and Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Washington, or any corporation wholly owned, directly or indirectly, by the United States or the State of Washington which insures, guarantees or provides financing for a planned community or lots in a planned community.

9.3 Records. Once adopted, such amendment shall be copied in the appropriate place of the Minute Book of the Association containing the original Bylaws. If any Bylaw is repealed, the fact of such repeal and the date on which the repeal occurred shall be stated in such book and place.



**ARTICLE 10.
GENERAL PROVISIONS**

10.1 Seal. The Board of Directors may, by resolution, adopt a corporate seal.

10.2 Notice. All notices to the Association or the Board of Directors shall be sent in care of the managing agent, or if there is not managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to members shall be sent to the member's unit or to such other address as may have been designated by the member from time to time in writing to the Board of Directors.

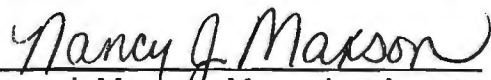
10.3 Waiver of Notice. Whenever any notice to any member or director is required by law, the Declaration, the Articles of Incorporation, or these Bylaws, a waiver of notice in writing signed at any time by the person entitled to notice shall be equivalent to the giving of the notice.

10.4 Action without Meeting. Any action which the law, the Declaration, the Articles of Incorporation or the Bylaws require or permit the members or Directors to take at any meeting may be taken without a meeting if consent in writing setting forth the action so taken is signed by all the members or Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the members or Directors, shall be filed in the records of the minutes of the Association.

10.5 Conflicts and Severability. These Bylaws are intended to comply with applicable law and the Declaration. In case of any irreconcilable conflict, applicable law and the Declaration shall control over these Bylaws, any amendments hereto and any rules or regulations adopted hereunder. In the event any terms or provisions of these Bylaws shall be declared or rendered invalid, unenforceable or in conflict with applicable law and/or the Declaration by decree or judgment of any court of competent jurisdiction or by any agency or process of any such court, such invalidity, lack of enforceability or conflict shall not affect any other terms or provisions of these Bylaws and the same shall be interpreted and enforced, insofar as reasonably possible, so as to effect the evident intent and purpose of these Bylaws.

CERTIFICAT OF ADOPTION

I, Nancy J. Maxson, appointed Managing Agent and Secretary/Treasurer of the Village at Union Mills Home Owner's Association, Inc., do hereby certify the forgoing to be the restatement of the Bylaws of the Corporation as adopted by the Board of Directors on the 30th Day of September, 2003.


Nancy J. Maxson, Managing Agent

