

BYLAWS
OF
ELK RUN DIVISION III HOMEOWNERS' ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is ELK RUN DIVISION III HOMEOWNERS' ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at: 22500 S.E. 275th Place, Maple Valley, Washington 98038, but meetings of members and Directors may be held at such places within the State of Washington, County of King, as may be designated by the Board of Directors.

ARTICLE II

1. "Association" shall mean ELK RUN DIVISION III HOMEOWNERS' ASSOCIATION, its successors and assigns.

2. "Developer" or "Declarant" shall mean Covington Green Associates II Limited Partnership, and any successors or assigns engaged in land development and/or wholesale sale activities which are the same as, or similar to, those of Covington Green Associates III Limited Partnership.

3. "Director" shall mean the Board of Directors as designated in the Articles of Incorporation or any successor Director holding title to the common properties.

4. "Properties" shall mean that certain real property described in Article III of the Articles of Incorporation, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

5. "Common Properties" or "Common Areas" shall mean all real property owned by the Association and shall not include any streets or other areas dedicated to public use.

6. "Lot" shall mean any plot of land shown upon any recorded subdivision map of the properties with the exception of the common properties.

7. "Member" shall mean every person or entity who holds a membership in the Association.

8. "Owner" shall mean the record owner, whether one or more persons or entities and specifically including the Developer, of the fee simple title to any lot or lots which are a part of the properties, shall not include a contract seller or a mortgagee.

9. The term "real estate contract" shall not include an earnest money receipt and agreement and the terms "contract seller"

and "contract purchaser" shall not include the parties to any such earnest money receipt and agreement.

10. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded or to be recorded in the Office of the King County Recorder.

11. The term "Development Period" shall mean and refer to that period of time beginning on the date of this Declaration and ending whenever any of the following first occurs: (i) 30 years from the date hereof; or (ii) at such time as Declarant has transferred title to purchasers of Lots representing ninety percent (90%) of the total voting power of all Owners as then constituted; or (iii) such earlier date as may be agreed upon by the Federal Housing Authority and Declarant.

ARTICLE III **MEMBERSHIP AND VOTING RIGHTS**

1. **Membership.** Every person or entity who is the contract purchaser or record owner of a fee interest in any lot or lots which are subject by covenants of record to assessment by the Declarant named in the Declaration or by the Association, shall be a member of the Association. Provided, however, that if any lot is held jointly by two (2) or more persons, the several owners of such interest shall designate one of their number as the "member." The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No owner shall have more than one membership. However, any member owning more than one lot shall have one vote per lot, as specified in section 3 below. Membership shall be appurtenant to and may not be separated from Ownership of or the contract purchaser's interest in any lot which is subject to assessment by the Developer or the Association except that the incorporators shall be eligible for membership without regard to ownership of an interest in the properties. Incorporators who are not owners or contract purchasers of any lot subject to assessment shall cease to be members of the Association at the expiration of two (2) years from the date of incorporation of the Association. Upon transfer of the fee interest to, or upon the execution and delivery of a contract for the sale of (or of an assignment of a contract purchaser's interest in) any lot, the membership and certificate of membership in the Association shall ipso facto be deemed to be transferred to the grantee, contract purchaser or new contract purchaser as the case may be. Ownership or a contract purchaser's interest in any such lot shall be the sole qualification for membership.

2. **Suspension of Membership.** During any period in which a member shall be in default in the payment of any monthly or special assessment, the voting rights and right to use of the Common Areas by such member may be suspended by the Board of Directors until

ARTICLE V
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

1. **Number**. The affairs of this Association shall be managed by a Board of not less than three (3) or more than nine (9) Directors, who need not be members of the Association.

2. **Election**. At the first annual meeting, which shall be held not later than six months from the date of incorporation of this Association, the members shall elect two Directors for a term of three years, and one for a term of two years. At the third annual meeting and at each annual meeting thereafter the members shall elect three Directors for a term of three years.

3. **Removal**. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

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

5. **Action Taken Without a Meeting**. The Board of Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI
MEETINGS OF DIRECTORS

1. **Regular Meetings**. Regular meetings of the Board of Directors shall be held no less than once a year without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

2. **Special Meetings**. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two Directors, after not less than three (3) days notice to each Director.

3. **Quorum**. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which quorum is present shall be regarded as the act of the Board.

ARTICLE VII
NOMINATION AND ELECTION OF DIRECTORS

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. Such nominations may be made from among members or nonmembers.

2. **Election.** Election of the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may each cast one vote. The names receiving the largest number of votes shall be elected.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. **Powers.** The Board of Directors shall have power:

(a) To adopt and publish rules and regulations governing the use of the common properties and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) To exercise for the Association all powers, duties and authority vested in or delegated to this Association not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(c) 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; and

(d) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

2. **Duties.** It shall be the duty of the Board of Directors:

(a) 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, when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided herein and in the Declaration;

(1) To establish, levy and assess, and collect the assessments or charges referred to in Article VII, of the Declaration as applicable to the Association; and

(2) To send written notice of each assessment to every owner or contract purchaser thereto at least thirty (30) days in advance of each annual assessment period.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid;

(e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) To cause any common properties owned by the Association to be maintained.

ARTICLE IX COMMITTEES

1. The Association shall appoint a Nominating Committee as provided in these Bylaws, and upon termination of the development period, shall appoint an Architectural Control Committee to perform the duties and functions described in Article V, of the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes, such as:

(a) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the common properties, and shall perform such other functions as the Board in its discretion determines;

(b) A Publicity Committee which shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association.

(c) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting as provided in Article XI, paragraph 8(d). The treasurer shall be an ex officio member of the Committee.

2. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director or officer of the Association as is further concerned with the matter presented.

ARTICLE X MEETING OF MEMBERS

1. Annual Meeting. The first annual meeting of the members shall be held within six months of the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the entire membership.

3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting by mailing a copy of such notice, postage, prepaid, at least fifteen (15) days before such meeting on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in case of a special meeting, the purpose of the meeting.

4. Quorum. The presence at the meeting of members entitled to cast or of proxies entitled to cast, one-tenth (1/10) of the votes of the entire membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE XI
OFFICERS AND THEIR DUTIES

1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

3. Term. The officers of this Association shall be elected annually by the board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, then president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one or any of the other offices except in the case of special offices created pursuant to section 4 of this Article.

8. Duties. The duties of the officers are as follows:

(a) President: The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, and deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President: The Vice-President shall act in the place and stead of the President in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE XII ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments. By the Declaration, each member is deemed to covenant and agree to pay the Developer during the development period, and thereafter to the Association: (1) yearly assessments or charges, and (2) special assessments for capital improvements. The monthly and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest and costs of collection thereof (including reasonable attorney's fees) shall also be the personal obligation of the person who was the owner or contract purchaser of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them. Provided, however, that in the case of a sale or a contract for the sale of (or an assignment of a contract purchaser's interest in) any lot which is charged with the payment of an assessment or assessments payable in installments, the person or entity who is the owner or contract purchaser immediately prior to the date of any such sale, contract or assignment shall be personally liable on for the amount of the installments due prior to said date. The new owner or contract purchaser shall be personally liable for installments which become due on or after said date.

2. Purpose of Assessment. The assessments shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in the properties, including without limitation, the construction, establishment, improvement, repair and maintenance of the common properties and areas related to the use and enjoyment of the common properties, the payment of taxes and insurance on the common properties, and the installation and maintenance of the entry sign and entry median planting areas on streets located within the subdivision, and the payment of Director's fees to the Director appointed hereunder.

3. Amount of the Yearly Assessments. The amount of the yearly assessment shall be as follows:

(a) Upon conveyance of the common properties to the Association, each owner or contract purchaser shall pay to the Association the maximum yearly assessment of Sixty Dollars (\$60.00) per year per lot (or in the event that said amount has been increased as provided in the preceding paragraph (a) or in section 4 of this Article XII, the amount as so increased) subject to the provisions of section 6 of this Article XII. Provided, that said maximum yearly assessment may be increased by the Association with the consent of two-thirds (2/3) of the members voting in person or by proxy, at a meeting duly called for such purpose, written notice of shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. After consideration of the current maintenance costs and future needs of the Association, the Board of Directors may fix the yearly assessment at an amount less than the maximum yearly assessment. The maximum yearly assessment may be increased by the Association without the assent of two-thirds (2/3) of the members as provided in section 4 of this Article XII.

4. Increase in Monthly Assessments. From, and after January 1, 1994, the amount of the yearly assessment may be increased effective as of January 1st of each year without a vote of the membership, by not more than twelve percent (12%) per year.

5. Special Assessments for Capital Improvements. In addition to the yearly assessments authorized above, the Association may levy special assessments for capital improvements upon the common properties. Any such levy by the Association shall be for the purpose of defraying in whole or in part, the cost of any construction or re-construction, unexpected repair or replacement of a described capital improvement upon the common properties, including the necessary fixtures and personal property related thereto. Provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

6. Uniform Rate. Both yearly and special assessments shall be fixed at a uniform rate for all lots.

7. Quorum for Any Action Authorized Under Sections 3 and 5. At the first meeting called, as provided in sections 3 and 5, hereof, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in sections 3 and 5, and the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

8. Date of Commencement of Yearly Assessments: Due Dates. The general assessments provided for in the Declaration shall commence as to all lots on the first day of the month following the conveyance of the Common Areas. The due dates of any special assessment payments shall be fixed by the Association Action authorizing such special assessment.

9. Effect of Non-Payment of Assessments: Remedies. If any assessment is not paid within thirty (30) days after it was first due and payable, there shall be assessed a late payment penalty of ten (10) percent of the assessment, and the unpaid assessment shall bear interest from the date on which it was due at the rate of twelve (12) percent per annum, and the Developer or the Association, may bring an action of Law against the one personally obligated to pay the same and/or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be included in any judgment or decree entered in such suit. No owner or contract purchaser shall be relieved of liability for the assessments provided for herein by non-use of the common properties or abandonment of his lot.

10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage (and to the lien of any second mortgage given to secure payment of the purchase price) now or hereafter placed on any lot. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot which is subject to such first mortgage, or purchase money second mortgage pursuant to a decree of foreclosure under such mortgage or in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof, which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE XIII
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIV
AMENDMENTS

1. These Bylaws may be amended at a regular or special meeting of the members by a vote of a majority of a quorum of members present or by proxy, except that during the development period, the Developer shall have the right to veto amendments.

2. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in case of any conflict between the Declaration and these Bylaws the Declaration shall control.

ARTICLE XV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVI
DATE OF ADOPTION

1st These Bylaws were duly adopted by the Association on this day of October, 1993

D. J. Connell (Pres)

Michelle Connell (Vice Pres)