

BYLAWS

OF

CROFTON HEIGHTS HOMEOWNERS' ASSOCIATION

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The following are the Bylaws of the Crofton Heights Homeowners' Association (the "Association"). These Bylaws apply to the entire single family residential development, each lot therein and all common and limited common areas. Each lot owner is a member of this Association. All present and future owners, mortgagees and other encumbrancers, lessees, tenants, licensees and occupants of units, and their guests and employees, and any other person who may use the facilities of Crofton Heights are subject to these Bylaws, the Declaration and the Rules and Regulations established from time to time by the Association for the use and operation of the development. These Bylaws have been established by the Declarant, and may be amended as provided herein.

ARTICLE I - DEFINITIONS

As used in these Bylaws, unless the context requires otherwise, the definitions given in Article 1 or elsewhere in the Declaration for Crofton Heights, as recorded under King County Recorder's No. 3312080878, as amended from time to time, shall apply.

ARTICLE II - MEMBERSHIP - VOTING - REGISTER

1. Membership. The Association shall be composed of the person or persons owning each lot, who shall participate personally or through designated representatives, as set forth in the Declaration.

2. Voting. The total voting power of all lots is 70 votes. Each lot is entitled to one (1) vote.

3. Register of Members. The Board of Directors of the Association shall maintain a register containing the names and

addresses of all lot owners, their designated representatives, and any voting rights pledges that have been filed with the Association. Owners who sell or convey their interests in a lot shall promptly report to the Board of Directors the name and address of their successor in interest. Persons claiming membership in the Association shall, upon request, furnish the Board of Directors with a copy of any document under which they assert ownership of a lot, or any interest therein. The Board of Directors may require lot owners to supply it with copies of any mortgage or other security instrument affecting their interests.

ARTICLE III - MEETINGS OF THE ASSOCIATION

1. Place. Meetings of the Association shall be held at such reasonable place as may be designated from time to time by the Board of Directors.

2. Annual Meeting. The annual meeting of the Association shall be held in the first quarter of each year, on a date fixed by the Board of Directors. At the annual meeting the lot owners shall elect Directors or fill vacancies in the Board of Directors as provided in the Declaration and shall consider such other business as may properly come before the meeting.

3. Special Meetings. It shall be the duty of the President of the Association to call a special meeting of the Association when so directed by resolution of a majority of the Board of Directors, or upon the written request of lot owners having thirty-three percent (33%) or more of the total votes.

4. Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual and special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each lot owner (and such other persons as provided in the Declaration) at the address of the lot involved or at such other address as the lot owner shall have furnished in writing to the Board of Directors. Said notice shall be given at least ten (10) days prior to an annual or special meeting. Notice of any meeting of the Association may be waived in writing at any time and is waived by actual attendance at such meeting, unless such appearance be limited expressly to object to the legality of the meeting. A declaration of such limited appearance shall be filed in writing with the Board of Directors at or prior to the meeting attended in such limited capacity.

5. Quorum. The presence in person or by proxy of lot owners having 35 or more votes shall constitute a quorum for the transaction of business at any meeting of the Association.

6. Adjourned Meetings. If any meeting of the Association cannot be held because a quorum is not in attendance, the lot owners or their designated representatives may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called, and the lot owners or their designated representatives who attend such an adjourned meeting, although holding less than 35 votes, in person or by proxy, shall nevertheless constitute a quorum for the purpose of said meeting, provided that they hold at least 24 votes; and provided further, that no amendment to the Declaration shall be adopted except as prescribed by the Declaration, and no amendment to these Bylaws shall be adopted unless lot owners holding 42 or more votes are present in person or by proxy.

7. Proxies. Any lot owner may vote by proxy. Proxies shall be in writing, signed by the lot owner, and filed with the Board of Directors prior to the vote in which such proxies are cast.

8. Majority Vote. Except as otherwise provided by the Declaration, these Bylaws, or the Act, passage of any matter submitted to vote at a meeting or adjourned meeting duly called, where a quorum is in attendance in person or by proxy, shall require the affirmative vote of a majority of the total votes present in person or by proxy.

9. Order of Business for First Meeting. The order of business at the first meeting of the Association shall be as follows:

- (a) Roll call
- (b) Review of Bylaws
- (c) Election of Board of Directors
- (d) Adjournment.

10. Order of Business at All Other Meetings. Except for the first meeting of the Association, the order of business at meetings of the Association shall be as follows unless dispensed with or altered by motion:

- (a) Roll call
- (b) Proof of notice of meeting or waiver of notice
- (c) Minutes of preceding 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) Adjournment.

11. Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the current available edition of Roberts' Rules of Order, Revised.

ARTICLE IV - BOARD OF DIRECTORS - SUBMISSION OF OFFICIAL BUSINESS

1. Number - Election. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons who shall be elected as provided in the Declaration; provided, that the management of Crofton Heights during its initial stage shall be carried out by the Declarant, or a Temporary Board of Directors composed of three persons appointed by the Declarant. The Declarant (and, if appointed, the Temporary Board of Directors during its term of office) shall exercise the rights, duties and functions of the Board of Directors as set forth in these Bylaws.

2. Removal of Directors - Vacancies. Any Director may be removed and vacancies in the Board of Directors may be filled as provided in the Declaration. A Director elected to fill any vacancy caused by the resignation or removal of a Director shall serve for the unexpired portion of the previous Director's term. The Declarant may remove members of the Temporary Board of Directors with or without cause, and appoint Directors to fill the vacancies thus created without a meeting of the Association.

3. Compensation. No compensation shall be paid to Directors for their services as Directors.

4. Organization Meeting. The first meeting of the Temporary and elected Board of Directors shall be held within ten days of their appointment or election at such place as shall be fixed by agreement of the Board members elected or appointed, and no notice of such meeting shall be necessary, provided a majority of the elected or appointed Board of Directors shall be present.

5. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal

year. Notice of regular meetings of the Board shall be given to each Director at least three days prior to the day fixed for such meeting, which notice shall state the time and place of the meeting.

6. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days' prior notice to each Director, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President in like manner and on like notice at the written request of two or more Directors.

7. Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

8. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

9. Official Business. All official business shall be transmitted to the Board of Directors in writing, emergencies excepted, and such written business shall be submitted to the Board of Directors through the President if available, and the Secretary of the Association, if the President is not available.

ARTICLE V - OFFICERS

1. Designation. The officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Board of Directors may appoint a Vice President, an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

2. Election of Officers. The officers of the Association shall be elected each year at the annual meeting of the Board of Directors and shall hold office at the pleasure of the Board.

3. Removal of Officers. At any regular meeting of the Board of Directors or at any special meeting called for that purpose, any officer may be removed, with or without cause, and his successor elected, upon an affirmative vote of a majority of the members of the Board of Directors.

4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors and shall have all powers and shall perform all duties usually incident to the office of President of a business corporation.

5. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association and shall also maintain the Register of lot owners, designated representatives and voting rights pledges. In addition, the Secretary shall perform all duties usually incident to the office of Secretary of a business corporation.

6. Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.

7. Other Officers, Assistants, Employees. Other officers of the Association, assistants to the officers, or persons employed to assist the officers, shall have such authority and shall perform such duties as the Board of Directors may prescribe within the provisions of the Act or other applicable statutes, the Declaration and these Bylaws. A Vice President, an Assistant Secretary and an Assistant Treasurer, if any are elected, shall also have all powers of the President, Secretary and Treasurer, respectively, in the absence of such officers.

8. Compensation. The Board may pay reasonable compensation to any officer, assistant or lot owner who performs substantial services for the Association in carrying out the management functions.

ARTICLE VI - COMMITTEES AND MANAGER

1. Committees of Directors. The Board of Directors may designate one or more committees, each of which shall consist of one or more Directors. Such committees shall have and exercise to the extent provided in the resolution establishing the committee, the authority of the Board of Directors in the management of the Association, but the designation of such

committees shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law.

2. Other Committees. Other committees, not having or exercising the authority of the Board of Directors in the management of the Association, may be designated by the President or by the Board of Directors, and such committees may be composed of one or more non-Director members of the Association, but each committee shall have at least one Director as a member.

3. Delegation to Manager. The Board of Directors may delegate any of its duties, powers or functions to any person or persons, to act as Manager of Crofton Heights; provided, that the Board shall not delegate its power to elect officers or directors of the Association, to amend these Bylaws, or to adopt rules and regulations.

ARTICLE VII - OBLIGATION OF LOT OWNERS

1. Assessments. The lot owners are obligated to pay the assessments imposed by the Association to meet all common expenses of the property as set forth in the Declaration, and the Board of Directors shall act to establish, assess, collect and expend such assessments as therein provided.

2. Rules and Regulations. The Board of Directors may, from time to time, adopt such Rules and Regulations as may be reasonably required for the use, occupancy and maintenance of the lots, common areas and limited common areas and when so adopted, such Rules and Regulations shall be binding upon all of the lot owners and occupants of the property and shall be a part of these Bylaws. The Board of Directors may from time to time amend any such Rules and Regulations.

ARTICLE VIII - HANDLING OF FUNDS

1. Accounts. The Association shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the property, as required by the Declaration. Overall management of these funds shall be the responsibility of the Treasurer of the Association, who shall be authorized to open such accounts and adopt such procedures as may be advisable to properly secure the accounts and funds of the Association.

ARTICLE IX - KEEPING RECORDS AND REPORTS

1. General. The Treasurer shall keep complete and accurate books and records of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred, as required by the Declaration. Such books and records, and all contracts, documents, papers and other records of the Association, shall be available for examination by the lot owners or their authorized representatives, agents or attorneys, at any reasonable time or times.

2. Financial Reports. The Board of Directors shall cause to be issued and mailed to all lot owners at least one copy of each annual financial statement and report of the Association prepared by the outside auditor, and a statement from the President indicating the general condition of the Association and providing a comparison between the actual expenses of Crofton Heights and the projected expenses outlined in the current budget upon which the current assessments are based.

ARTICLE X - AMENDMENTS

These Bylaws may be amended by the Board of Directors or the lot owners, but the Board of Directors shall not amend or repeal any Bylaws adopted by the lot owners; provided, that the lot owners shall not amend these Bylaws without the Declarant's written consent until the election of the Board of Directors pursuant to Article 6.1 of the Declaration. A majority vote of the lot owners may amend the Bylaws at any annual meeting or special meeting called for that purpose.

ARTICLE XI - MISCELLANEOUS

1. Individual Items. Certain items which would ordinarily be considered common areas, such as, but not limited to, screen doors, window screens, other screens, awnings, storm windows, planter boxes, antennae, and the like may, pursuant to decision of the Board of Directors, be designated as items to be furnished and/or maintained at individual expense in good order according to standards and requirements established by the Board of Directors or by the Rules and Regulations.

2. Notices for All Purposes. Any notice permitted or required to be delivered under the provisions of these Bylaws may be delivered either personally or by mail as provided in Article 6.4 of the Declaration. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to the Declarant until the Board of Directors has been appointed or elected and, thereafter, shall be given to the President or Secretary of the Board of Directors.

3. Waiver. The failure of the Board of Directors in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Declaration, or of these Bylaws, or any Rules and Regulations established by the Board of Directors contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future as to such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of Directors of any assessment from a lot owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of Directors of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors.

4. Limitation of Liability. The Board of Directors of the Association shall not be liable for any failure of any utility or other service to be obtained and paid for by the Board of Directors or for injury or damage to person or property caused by the elements, or by another lot owner or person; or resulting from electricity, water, rain, dust or sand which may lead or flow from outside or from any parts of the buildings, or from any pipes, drains, conduits, appliances, or equipment, or from any other place; or resulting from loss, damage, or theft of articles used or stored by lot owners on the property or in lots. No diminution or abatement of assessment shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the common areas, or from any action taken to comply with any law, ordinance, or order of a governmental authority. This section shall not be interpreted to impose any form of liability by any implication upon the Board of Directors or upon the Association.

5. Interpretation. The provisions of the Declaration and these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of Crofton Heights as a single family residential development. It is intended also that, insofar as it affects the Declaration, these Bylaws and this single family residential

development shall be liberally construed to effect the intent of the Declaration and these Bylaws insofar as reasonably possible.

IN WITNESS WHEREOF, the Declarant has adopted these Bylaws on this 30th day of December, 1988.

DECLARANT:

BenjFran Development, Inc.

By: Richard A. Lowell
Richard A. Lowell
Vice President

1975H-10H

Amendments to the CHHA By-laws

March 1996

(changes in bold)

Article III

2. Annual Meeting. The annual meeting of the Association shall be held in the **fourth** quarter of each year, on a date fixed by the Board of Directors. At the annual meeting the lot owners shall elect Directors or fill vacancies in the Board of Directors as provided in the Declaration and shall consider such other business as may properly come before the meeting.

(This will change the annual meeting from the first to the fourth quarter of the year.)

Article IV Board of Directors

1. Number -Election. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons who shall be elected as provided in the Declaration; provided, that the management of Crofton Heights during its initial stage shall be carried out by the Declarant, or a Temporary Board of Directors composed of three persons appointed by the Declarant. The Declarant (and, if appointed, the Temporary Board of Directors during its term of office shall exercise the rights, duties and functions of the Board of Directors as set forth in these Bylaws. **There will be three 3 year positions and two 2 year positions on the board.**

(This will establish the length that each director will serve on the board.)

Article IX

2. Financial Reports. The Board of Directors **shall review the accounts and financial statements of the Association each year and** cause to be issued and mailed to all lot owners at least one copy of each annual financial statement and report of the Association prepared by the **Treasurer and Board**, including a statement from the President indicating the general condition of the Association and providing a comparison between the actual expenses of Crofton Heights and the projected expenses outlined in the current budget upon which the current assessments are based. Each year the ...

(This changes the requirement that a CPA perform an audit of the association accounts and prepare a financial statements each year)