

BYLAWS
OF
CANTER GROVE HOMEOWNERS' ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is Canter Grove Homeowners' Association, hereinafter referred to as the "Association". The initial registered office of the Association shall be located at 24607 S.E. Old Black Nugget Road, Issaquah, WA 98027, but meetings may be held at such places within the State of Washington, County of King, as may be designated by the Board.

ARTICLE II

APPLICATION OF BYLAWS

These Bylaws and the rules and regulations established from time to time by the Association for the use and operation of Canter Grove Homeowners' Association shall apply to all present or future members of the Association, lot owners, or others having a full or partial legal or equitable interest in a lot, mortgages, lessees, tenants, licensees, and occupants of lots, and their guests and employees, and any other persons using any lot or any of the common property.

ARTICLE III

DEFINITIONS

The terms used in these Bylaws shall have the same meaning as in the Declaration of Covenants, Conditions and Restrictions for Canter Grove Homeowners' Association (hereinafter "Declaration"), as they may be amended from time to time, unless specifically indicated to the contrary.

ARTICLE IV

PURPOSES

The Association is formed to:

- (a) Carry out the duties, obligations and responsibilities and to exercise the rights imposed upon or accorded to the Association by the Declaration of Covenants, Conditions and Restrictions ("Declaration") of the Canter Grove subdivision as contained in the Declaration filed under Recording No. 9205050544 filed in the Records of King County, Washington.
- (b) Maintain the zoning of CANTER GROVE as a single-family residential zone; and

- (c) Seek to maintain residentially-compatible zoning in the contiguous area.

The Association is incorporated as a not-for-profit corporation for the accomplishment of the foregoing objectives and any other objectives which may appear conducive to the interest and benefit of the members of the Association.

ARTICLE V

MEMBERSHIP

Section 1: Membership. Every person or entity who is an Owner of any Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. All Members shall have rights and duties as specified in the Declaration, Articles of Incorporation and Bylaws of the Association. Ownership of a Lot shall be the sole qualification for membership.

Section 2: Suspension of Membership. During any period in which a Member shall be in default in the payment of any assessment levied by the Association or the Developer, the voting rights of such Member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed one hundred eighty (180) days, for violation of any rules and regulations adopted by the Association.

ARTICLE VI

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration. Any Member may delegate his right of use and enjoyment of the Common Area to the members of his family, his tenants and friends, subject to rules and regulations adopted by the Association.

ARTICLE VII

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1: Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2: Term of Office. At the first annual meeting, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years; and at each annual meeting thereafter, the Members shall elect one (1) director for a term of three (3) years.

Section 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.

Section 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.

Section 5: Action Taken Without a Meeting. The 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 VIII

MEETING OF BOARD OF DIRECTORS

Section 1: Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should such 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.

Section 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 (2) directors after no less than three (3) days notice to each director. Attendance by a director at any special 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 was not lawfully called or convened.

Section 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 IX

NOMINATION AND ELECTION OF DIRECTORS

Section 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 any annual meeting of the Members. The nominating committee shall consist of a chairman, who shall be a Member of the Board of Directors, and two (2) 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 non-Members.

Section 2: Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, one (1) vote. The persons receiving the largest number of votes shall be elected. Such election may, in the discretion of the Board of Directors, be conducted by mail.

ARTICLE X

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1: Powers. The Board of Directors shall have the power to:

(a) Promulgation of Rules. Adopt and publish rules and regulations governing the Members and their guests, and to establish penalties for the infraction thereof;

(b) Insurance. Obtain policies of insurance for Common Areas and Common Maintenance Areas.

(c) Legal and Accounting Services. Obtain legal and accounting services, if necessary, to the administration of Association affairs, administration of the Common Areas, or the enforcement of the Declaration.

(d) Maintenance. Pay all costs of maintaining the Common Areas and Common Maintenance Areas.

(e) Maintenance of Lots. If necessary, maintain any Lot if such maintenance is reasonably necessary in the judgment of the Board to (1) protect Common Areas and Common Maintenance Areas, or (2) preserve the appearance and value of the Properties or Lot. The Board may authorize such maintenance activities if the Owner or Owners of the Lot have failed or refused to perform maintenance within a reasonable time after written notice of the necessity of such maintenance has been delivered by the Board to the Owner or Owners of such Lot, provided that the Board shall levy a special assessment against the Owner or Owners of such Lot for the cost of such maintenance.

(f) Discharge of Liens. The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire Properties or any part thereof which is claimed or may, in the opinion of the Board, constitute a lien against the Properties or against the Common Areas rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such liens, they shall be jointly and severally liable for the cost of discharging it and any costs or expenses, including reasonable attorneys' fees and costs of title search incurred by the Board by reason or such lien or liens. Such fees and costs shall be assessed against the Owner or Owners and the Lot responsible to the extent of their responsibility.

(g) Utilities. Pay all utility chargers attributable to Common Areas and Common Maintenance Areas.

(h) Security. Pay all costs deemed appropriate by the Board to ensure adequate security for the Lots and Common Areas constituting the residential community created on the Properties.

(i) Right to Contract. Have the exclusive right to contract for all goods, services, maintenance, and capital improvements, provided, however, that such right of contract shall be subject to Association approval.

(j) Improvement of Common Areas. Improve the Common Areas with capital improvements to such Common Areas; provided that for those capital improvements exceeding \$10,000, fifty-one percent (51%) of the Owners must approve the addition of such capital improvements to the Common Areas.

(k) Right of Entry. Enter any Lot or Residence, when reasonably necessary, in the event of emergencies or in connection with any maintenance, landscaping or construction for which the Board is responsible. Except in cases of emergencies, the Board, its agents or employees shall attempt to give notice to the Owner or occupant of any Lot or residence twenty four (24) hours prior to such entry. Such entry must be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board if the entry was due to an emergency (unless the emergency was caused by the Owner of the Lot entered, in which case the cost shall be specially assessed to the Lot). If the repairs or maintenance activities were necessitated by the Owner's neglect of the Lot, the cost of such repair or maintenance activity shall be specially assessed to that Lot. If the emergency or the need for maintenance or repair was caused by another Owner of another Lot, the cost thereof shall be specially assessed against the Owner of the other Lot.

(l) Declaration of Vacancies. Declare the office of a member of the Board to be vacant in the event that a member of the Board is absent from three consecutive regular meetings of the Board.

(m) Employment of Manager. Employ a manager, an independent contractor, or such other employee as the Board deems necessary and describe the duties of such employees.

(n) Payment for Goods and Services. Pay for all goods and services required for the property functioning of the Common Areas and Common Maintenance Areas.

(o) Impose Assessments. Impose annual and special assessments.

(p) Bank Account. Open a bank account on behalf of the Association and designate the signatories required.

(q) Exercise of Powers, Duties and Authority. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

(r) 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.

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

(t) Take any and all actions necessary to comply with and enforce the provisions and requirements of the Declaration, the Articles of Incorporation and these Bylaws, and all powers and rights as provided in the Declaration.

(u) Exercise all powers set forth in RCW 24.03.035.

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

(a) 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.

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

(c) To fix, levy and collect assessments as provided in the Declaration.

(d) Cause the Common Area to be maintained.

(e) Issue, or to cause an appropriate officer to issue, upon demand by any person or entity, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(f) Cause the utility charges for the Common Area to be paid as appropriate.

(g) Cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate.

(h) To obtain insurance as provided in the Declaration.

(i) Cause the landscaping to be maintained as provided in the Declaration.

(j) Cause the taxes on the Common Area to be paid; and

(k) Perform any and all duties necessary to comply with the provisions and requirements of the Declaration, the Articles of Incorporation and these Bylaws.

ARTICLE XI

COMMITTEES

The Board of Directors shall appoint a nominating committee, as provided in these Bylaws, and such other committees as are deemed appropriate, in carrying out its purpose.

ARTICLE XII

MEETING OF MEMBERS

Section 1: Annual Meetings. The first annual meeting of the Members shall be held on 13 day of February, 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 7:30 p.m., unless the time of such meeting shall be changed by resolution of the Board of Directors. 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.

Section 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-third (1/3) of the total votes of the entire membership.

Section 3: Notice of Meetings. Unless otherwise specifically provided in the Declaration, or in the Articles or Bylaws, 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, not less than ten (10) days nor more than fifty (50) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing 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 the case of a special meeting, the purpose of the meeting.

Section 4: Quorum. Unless otherwise specifically provided in the Declaration, the presence at a meeting of Members or proxies entitled to vote or cast fifty-one (51%) of the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 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.

Section 6: Action Taken Without Meeting. Any action required to be taken at a meeting of the Members or any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of

the Members entitled to vote with respect to the subject matter thereof.

ARTICLE XIII

OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Officers. The officers of this Association shall be a president, a vice-president, secretary and a treasurer and such other officers as the Board may from time to time by resolution create.

Section 2: Election by Officers. The officers of this Association shall be elected annually by the Board.

Section 3: Term. Each officer shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 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.

Section 5: Resignation and Removal. Any officer may be removed from office without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the 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.

Section 6: Vacancies. A vacancy in any office may be filled in the manner prescribed for special appointments. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7: Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

PRESIDENT

(a) 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, deeds and other written instruments.

VICE PRESIDENT

(b) The vice president shall act in the place and stead of the president in 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.

SECRETARY

(c) 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.

TREASURER

(d) 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 the proper books of account; 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 XIV

TRANSFER OF MEMBERSHIP; RECORDS

A membership in the Association shall not be transferred, pledged or alienated in any way, except by the sale of a Lot which entitles the Owner to membership, and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure or mortgage of record or other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of such Lot, the Association shall have the right to report the transfer upon the books of the Association and the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered in accordance with the provisions herein above specified.

ARTICLE XV

BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees having any of the authority of the Board of Directors. The Association shall keep at its registered office or principal office in this state a record of the names and addresses of its Members entitled to vote. All books and records of the Association may be inspected by any Member, his agent, his attorney or his mortgagee, for any proper purpose at any reasonable time.

ARTICLE XVI

AMENDMENT AND CONFLICTS

Section 1: Meeting and Majority Required. These Bylaws may be amended at a regular or special meeting of the Members, by a vote of fifty-one percent (51%) of the total votes of the entire membership; provided, however, no material amendment to the Bylaws shall be made unless thirty (30) days written notice of said proposed material amendment is given by the Association to institutional holders of first mortgage liens or equivalent liens who have requested notice thereof in writing.

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

ARTICLE XVII

WAIVER OF NOTICE

Whenever any notice is required to be given to any Member of Directors of the Association under the provisions of these Bylaws, a waiver thereof, in writing, signed by the persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

ARTICLE XVIII

GENDER

This Declaration is to be read with all changes of number and gender required by the context.

ARTICLE XIX

FISCAL YEAR

The Association shall operate on a fiscal year commencing on January 1st and ending on December 31st.

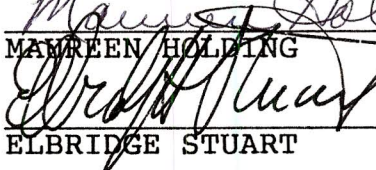
IN WITNESS WHEREOF, we, being all of the directors of Canter Grove Homeowners' Association have hereunto set our hands this 22 day of June, 1994.



KENT STEPANIUK



MAUREEN HOLDING



ELBRIDGE STUART