

AMENDED AND RESTATED BYLAWS
Of
LAUREL HILLS HOA
(A Washington Non-Profit Corporation)

These AMENDED AND RESTATED BY-LAWS (these “Bylaws”) are agreed to, adopted and accepted by the undersigned Directors of Laurel Hills, HOA, a Washington non-profit corporation (the “Association”) as of the date of mutual execution hereof, with regard to the following:

RECITALS:

A. The Association was incorporated on November 29, 2009 and acts under the provisions of Chapter 24.03, of the Revised Code of Washington (the “Washington Nonprofit Corporation Act”), as it now exists or may hereafter be amended (the “Act”); The Association shall have any and all powers, rights and privileges that may be exercised by a corporation organized under the Act; and

B. The Association is the successor in interest to the “Laurel Hills Homeowners’ Association”, a dissolved corporate entity (the “Prior Association”); and

C. These Bylaws shall be deemed to replace and supersede in their entirety any Bylaws which may have heretofore been adopted or utilized by the Association, the Prior Association or any predecessor association that purported to be the Homeowner’s Association for the Plat of fifty-eight (58) single family residential building lots (the “Lots”), which Plat is commonly know as “Laurel Hills”, and which Plat was recorded under Vol. 122 of Plats, pages 23-25, records of King County, Washington (the “Plat”); and

D. The “Members” of the Association [as defined hereinafter] have voted in person or by proxy to approve and accept these Bylaws as the bylaws of the Association and have authorized the Directors of the Association to adopt these Bylaws as the bylaws of the Association.

NOW THEREFORE, in consideration of the authority granted the Members of the Board of Directors of the Association by the Members thereof, and in consideration of the authority granted to the Board of Directors under the Act, the Board of Directors, as evidenced by their signatures hereto, hereby adopt these Bylaws as follows:

ARTICLE I
STRUCTURE

1.1 Definitions. Unless the context requires otherwise, the terms used in these Bylaws shall have the meanings specified in the “Declaration of Protective Covenants, Restrictions, Limitations, Conditions, and Agreements with Respect to the Laurel Hills Plat (the “CC&R’s”), the terms of which are incorporated herein by this reference, which CC&R’s was recorded under King County Recording Number 198209280302; an “Owner” shall mean the fee

owners of a Lot. The Owner(s) of a Lot shall be a “Member” of the Association as specified hereinafter.

1.2 Purpose. The purpose of the Association is to provide for maintenance, preservation, care and architectural control of the buildings, grounds and Common Areas located within the Plat of Laurel Hills. These Bylaws are intended to provide guidance and a legal basis for the operation of the Association and its Board of Directors.

1.3 Nature of Corporation. The Association is a Washington non-profit corporation and shall have no capital stock. No Member shall be entitled to the payment of any dividends, nor shall any part of the Association’s net earnings or surplus be distributed to any Member, provided that in the event of liquidation of the Association, voluntary or involuntary, a Member shall be entitled to a pro rata share of the assets remaining after payment of all debts and liabilities of the Association, contingent or otherwise.

1.4 Office. The office of the Association shall be the residence of the President of the Association or at some other location as may be determined by the Board of Directors. All correspondence should be addressed to the President at the Association mailing address of PO Box 2678, Woodinville, Washington 98072 or at such other address that may be determined by the Board of Directors.

1.5 Application. The Articles of Incorporation of the Association, these Bylaws and the CC&R’s shall apply to: (i) all present or future Members of the Association, and (ii) Owners or others having a full or partial legal or equitable interest in a Lot, and (iii) mortgagees of a Lot, and (iv) lessees, tenants, and occupants of any residence located on a Lot, and (v) any of the guests, invitees or employees of any Member, Owner, lessee or tenant, and (vi) any other persons using the Common Areas or Common Area Improvements of the Association.

ARTICLE II MEMBERSHIP AND MEETINGS

2.1 Membership. Every person or entity who is the fee owner of a Lot in the Plat generally known as Laurel Hills (the “Owner”) shall automatically be a Member of the Association upon acquisition of an ownership interest in a Lot. Ownership of a Lot shall be the sole qualification for Membership in the Association and multiple persons may share such Membership due to their ownership of a Lot. Membership rights may be suspended in accordance with the CC&R’s, the Articles of Incorporation of the Association, or Section 2.3 of these Bylaws.

2.2 Suspension of Membership. During any period in which a Member is in default in the payment of any assessment levied by the Association, the voting rights of said 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 a hearing, for a period of not to exceed sixty (60) days, for violation of any Rules [as defined hereafter] duly adopted and established by the Board of Directors.

2.3 Transfer of Membership and Registration of Members. The Association Membership of each Owner shall be appurtenant to the Lot(s) giving rise to such Membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to the Lot, and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Transfer of title to a Lot shall operate automatically to transfer the Membership in the Association to the new Owner. Any Owner who transfers his interest in his Lot shall promptly report to the Board of Directors the name and address of his or her successor or successors in interest.

2.4 Registration of Mailing Address. Multiple Owners of a Lot shall designate a single mailing address to be used by the Association for mailing of invoices, notices, demands and all other communications; and such address shall be the only mailing address of the persons, firm, corporation, partnership, association or other legal entity, or any combination thereof comprising the Owner of a Lot, to be used by the Association. Such address shall be registered by such Owners with the Secretary of the Association within five (5) days after receipt of title to a Lot. Such registration shall be in written form and signed by the Owners or by such persons as are authorized by law to represent the interests of the Owners. If no such address is registered or if all of the Owners cannot agree, then the address of the Lot shall be the registered address until the registered address is furnished as required under this Section 2.4. Registered addresses may be changed from time to time by similar designation. The Board of Directors shall maintain a register containing the names, addresses, telephone numbers and e-mail addresses of each of the Owners, their Designated Voting Representatives, the holders of any proxies or pledges that have been filed with the Association.

2.5 Voting.

2.5.1 Number of Votes. The Owner or Owners of each Lot within the Property shall be entitled to one (1) vote per Lot. The total voting power of the Association at any given time shall equal the number of Lots included within the Plat of Laurel Hills.

2.5.2 Voting Representative. There shall be one (1) voting representative for each Lot. Each Member shall designate a voting representative ("Designated Voting Representative") for each Lot by giving written notice to the Board of the name of the representative designated. Each Designated Voting Representative may exercise the votes appertaining to the Lot owned. The designation shall be revocable at any time by actual notice to the Board from the Member or by actual notice to the Board of the death or judicially declared incompetence of the Member. This power of designation and revocation may be exercised by the guardian of a Member and the administrator or executor of a Member's estate. Where no designation has been made, or where a designation has been but is revoked and no new designation has been made, the Designated Voting Representative of each Lot shall be the group composed of all of its Owners.

2.5.3 Joint Owner Disputes. The vote of each Lot shall be cast as a single vote; fractional votes shall not be permitted. If joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in

question. If more than one (1) vote is cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed to be void.

2.5.4 Proxies. Votes may be cast in person or by proxy. Proxies shall be in writing and signed by the Designated Voting Representative for the Lot. Proxies must be filed with the Secretary of the Association before the first vote is held at any meeting or delivered to the President at the time of the meeting for which a vote is to be taken. No proxy shall be valid for a period longer than eleven (11) months after date thereof, unless otherwise provided in the proxy. A proxy may be revoked at any time either by written notice to the Secretary or the Association or by the Designated Voting Representative's attendance at a meeting at which a vote will be taken. A proxy is automatically revoked upon conveyance of the Lot to which it pertains.

2.5.5 Balloting. On each vote cast by written ballot, the Designated Voting Representative shall identify on the ballot the Lot number for which the vote is cast. After the ballots have been received, accepted and counted, the ballots shall be destroyed and the persons who conducted the ballot count shall treat as confidential the manner in which the vote of each Lot was cast. The President shall have the right to designate the person or persons who shall count the ballots.

2.5.6 Majority Vote. Except as otherwise provided in the CC&R's or these Bylaws, or as required by law, passage of any matter submitted to a vote of the Members shall require the affirmative vote of a majority of the voting power present in person or by proxy at a meeting called at which such vote is held.

2.5.7 Voting By Mail or E-mail. The Board may in its discretion permit the Members to vote by mail or by E-mail with respect to the election or re-election of Directors, the adoption of any proposed amendment to the CC&R's, the Articles of Incorporation or these Bylaws, or with respect to any other matter for which approval by the Members is required by the CC&R's or these Bylaws, in accordance with the procedure described in this Section 2.5.7.

In case of election of Directors by mail, at least thirty (30) days before all votes are to be received, the existing Board of Directors shall advise the Secretary in writing of the names of proposed Directors sufficient to constitute all the Directors to be elected. The Secretary within five (5) days after such advice is given shall give written notice to all Members of the number of Directors to be elected and of the names of the nominees. The notice shall state that any such Member may nominate an additional candidate or candidates, not to exceed the number of Directors to be elected, by notice in writing to the Secretary at a specified address, to be received on or before a specified date fifteen (15) days from the date the notice is given by the Secretary. Within five (5) days after such specified date, the Secretary shall give written notice to all Members, stating: the number of Directors to be elected; the names of all persons nominated by the Board and by the Members on or before said specified date; that each Member may cast a vote by mail or by e-mail; and the date established by the Board by which such votes must be received by the Secretary at an address specified in the notice or at the e-mail address specified in the notice. Votes received after that date shall not be effective. All persons elected

as Directors pursuant to such an election by mail or e-mail shall take office effective on the date specified in the notice for receipt of such votes.

In the case of a vote by mail or e-mail relating to any other matter, the Secretary shall give written notice to all Members, which notice shall include a proposed written resolution setting forth a description of the proposed action, and shall state that such persons are entitled to vote by mail or e-mail for or against such proposal and stating a date not less than twenty (20) days after the date such notice shall have been given on or before which all votes must be received and stating the address and e-mail address to which they must be sent. Votes received after that date shall not be effective. Any such proposal shall be adopted if approved by the affirmative vote of not less than a majority of the votes entitled to be cast on such question, unless a greater or lesser voting requirement is established by the CC&R's or these Bylaws for the matter in question.

For the purpose of this Section 2.5.7, delivery of a vote in writing to the Secretary of the Association shall be equivalent to receipt of a vote by mail or e-mail at the specified address.

2.6 Annual Meeting. The annual meeting of the Association shall be scheduled for the third Sunday of the month of January at 3:00pm – or at such other date, time and place as specified by the Board of Directors.

2.7 Notice of Meetings. Written notice of annual meetings shall be provided to the Association Members by: (i) personal delivery, (ii) by mail or (iii) by e-mail. The notice shall include date, time and place of the meeting and include some indication of the nature of the meeting. Notification shall be tendered no fewer than fourteen (14) days nor greater than thirty (30) days from the scheduled meeting date. Any notice shall specify the address and e-mail address to which the vote by a Member may be sent.

2.8 Special Meetings. Special meetings of the Members of the Association may be called at any time for the purpose of considering matters which require the approval of all or some of the Members, or for any other reasonable purpose. Such special meetings shall be called by written notice from the President of the Association upon: the decision of the President; his receipt of a request signed by a majority of the Board; or written request of the Owners having at least ten percent (10%) of the total voting power of the Association. Said notice shall be given by personal delivery, mail or e-mail to all Owners not less than fourteen (14) and not more than thirty (30) days before the date fixed for the Special Meeting; and shall include a general statement of the matters to be considered. The President will notify all Members and schedule a special meeting in accordance with the notification procedures set forth in these Bylaws.

The notice of any Special Meeting shall state the time and place of the meeting and the business to be placed on the agenda by the Board for a vote by the Members, including the general nature of any proposed amendment to the Articles of Incorporation, Bylaws, any rules or regulations to be ratified by the Members, and any proposal to remove a director.

2.9 Quorum. A quorum for the conduct of business at all Association meetings shall be FIFTY PERCENT (50%) or more of eligible Members entitled to vote. A quorum shall be calculated utilizing both Members that are physically present and Members that are present pursuant to the terms of a written proxy. Members may vote in person or by written proxy. The Secretary shall affirm that a quorum is present. If no quorum is present the meeting may continue as an informational session but legal and binding votes cannot be initiated. Provided: If the required quorum is not present, the meeting may be continued or adjourned to another date, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

2.10 Attendance at any Meeting. Attendance of a Member at a meeting, either in person or by proxy, shall constitute a waiver of notice of such meeting, except where a Member attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A waiver of any notice required to be given any Members, signed by the person or persons entitled to such notice, whether before or after the time stated therein for the meeting, shall be equivalent to the giving of such notice.

ARTICLE III BOARD OF DIRECTORS

3.1 Membership. The number of Directors for the Association (the “Directors”) shall be comprised of not more than nine (9) members and not less than five (5) Members elected by the vote of the Members at a vote called for such purpose. The determination of the total number comprising the Board in any one year shall be made by the Members present at the annual meeting or a Special Meeting called for the purposes of electing Directors.

3.2 Terms. Each Board Member shall be elected to a term of two (2) consecutive years. Board Members may serve sequential terms. Terms commence upon election at the Association annual meeting.

3.3 Powers. The business and affairs of the Association shall be managed by the Board of Directors which shall exercise or direct the exercise of all corporate powers except to the extent Member authorization is required by law, the Articles of Incorporation, the CC&R’s or these Bylaws. The Board of Directors shall enforce the provisions of the CC&R’s.

3.4 Removal. Any director serving on the Board of Directors may be removed from the Board with or without cause by the majority vote of the Members at a special meeting called for that purpose. Any vacancy in the Board of Directors created or caused by any reason whatsoever, may be filled by an election held at a special meeting of the Association called for that purpose or by the remaining Directors if the special meeting of the Association does not occur within sixty (60) days of the occurrence of the vacancy.

3.5 Meetings. The Board shall act by majority vote of the Directors present at any meeting where a quorum exists. Meetings shall be called, held and conducted in

accordance with these Bylaws. The Board may delegate all or any portion of its administrative duties to a manager or officer of the Association.

3.6 Action by Directors Without a Meeting. Any action required or which may be taken at a meeting of the Directors, or of a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed before such action by all of the Directors, or all of the Members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

3.7 Action of Directors by Communications Equipment. Any action required or which may be taken at a meeting of Directors, or of a committee thereof, may be taken by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. The Members of the Board of Directors may vote on any matter by mail or by e-mail.

3.8 Quorum. A majority of the Members of the Board, present or represented by proxy, shall constitute a quorum for the transaction of business at all Board of Director meetings. If a quorum shall not be present or represented by proxy, the Board of Directors may adjourn the meeting from time to time without further notice until quorum is present in person or represented by proxy. Provided: If the required quorum is not present, the meeting may be continued or adjourned to another date, and the required quorum at the subsequent meeting of the Directors shall be one-half (1/2) of the required quorum at the preceding meeting

3.9 Compensation. The Board of Directors shall serve without compensation.

3.10 Committees. The Board may appoint committees as deemed necessary. The Architectural Control Committee enjoys a special status pursuant to the CC&R's – this committee shall be appointed and have a tenure according to the terms of the CC&R's.

ARTICLE IV OFFICERS

4.1 Titles. The officers of the Association shall be the Board of Directors' President, Vice-President, Secretary and Treasurer. One person may hold more than one office, except that the President shall not hold more than one office at any one time.

4.2 Appointment. From the Members of the Board of Directors, the following officers shall be appointed by a vote of the Members of the Board: President, Vice-President, Secretary and Treasurer.

4.3 Term. The term of each appointed officer of the Association shall be two (2) years.

4.4 Vacancies. Vacancies in office, however caused, may be filled by appointment by the Board of Directors at any time for the unexpired term of such offices.

4.5 President. The President shall preside over all of the meetings of the Board of Directors and of the Association at which he shall be present. The president shall have the powers to perform the duties customary to his office, and such other powers and duties as may be assigned to him elsewhere in these bylaws or as may be assigned to him from time to time by the board of Directors.

4.6 Vice-President. The vice president, in the absence of the president, shall perform the duties of the president, and in case the office of president becomes vacant for any reason, the vice president shall thereupon assume the duties of the president and as such for the unexpired portion of the term for which the duly elected president was serving before the office was vacated.

4.7 Secretary. The secretary shall keep the minute books wherein all resolutions passed and all other actions taken at any meeting by the Association and by the Board of Directors shall be recorded. He shall give notice of all meetings of the Association and the Board of Directors. The secretary shall have the powers and perform the duties customarily incidental to his office and such other powers and duties as may be assigned to him from time to time by the board of Directors.

4.8 Treasurer. The treasurer shall keep all the financial records and books of account and have custody of all funds and securities of the Association can be responsible for the safekeeping of money, notes, bonds and other money instruments belonging to the Association. He shall render statements in such form and as often as required by the Board of Directors or the Association. He shall send a financial statement to the president and secretary as soon as practicable after the end of the fiscal year of the Association shall make available one copy for review by any Member of the Association, upon request. He shall have the powers and perform the duties customarily incidental to his office and such other powers and duties as may be assigned to him by the board of Directors.

ARTICLE V INDEMNIFICATION

5.1 Limitation of Liability. So long as a Member of the Architectural Control Committee or any other committee, a Board Member, an Association officer, or an Association Member has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, then no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person; provided that this Section 5.1 shall not apply to the extent that the consequences of such act, omission, error, or negligence are covered by any insurance actually obtained by the Board.

5.2 Indemnification. Each Board Member, Member of the Architectural Control Committee or any other committee or Association officer who acts within the provisions of these Bylaws, shall be defended and indemnified by the Association to the full extent permitted by law, against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding (or any settlement thereof) to which he may be a

party, or in which he may become involved, by reason of holding or having held such position, whether or not he held such position at the time such expenses or liabilities are incurred; except to the extent such expenses and liabilities are covered by insurance; and, except in such cases wherein such person did not conduct himself in good faith, or he did not reasonably believe his conduct to be in the Association's best interests (in the case of conduct in his own official capacity with the Association), or he did not reasonably believe his conduct to be at least not opposed to the Association's best interests (in cases other than conduct in his own official capacity with the Association), or (in a criminal proceeding) where he had reasonable cause to believe his conduct to be unlawful; provided that no indemnification shall be made in respect of any proceeding in which such person shall have been adjudged to be liable to the Association. No indemnification may be made unless authorized in the specific case as provided in RCW 23B.08.510 and RCW 23B.08.570 (as now existing or hereafter amended). Reasonable expenses may be paid or reimbursed in advance of final adjudication upon compliance with the provisions of RCW 23B.08.530 (as now existing or hereafter amended). The Association shall purchase and maintain insurance on behalf of any person who is, or was, a director, officer, employee, Member of the Architectural Control Committee or other committee, or agent, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Section or RCW 23B.08.510.

ARTICLE VI AMENDMENTS

These Bylaws may be amended or repealed or new Bylaws adopted (a) by the affirmative vote of sixty percent (60%) of the voting power of the Association at any annual or special meeting of the Members called for such purpose, as required by the provisions of Paragraph 30 of the CC&R's. All meeting and quorum requirements, as outlined in these Bylaws shall apply to amendments.

ARTICLE VII COMMON AREAS

7.1 Definition. That real property owned by the property owners in common for common use and enjoyment of the Members – more particularly this includes Lot A, Lot B and Lot C as granted by the CC&R's in the Plat of Laurel Hills.

7.2 Exception. The following is documented for clarity of responsibilities only. Lot or Tract A is a common area, but it is unique in that it contains within its property line a “drain field” for a number of the homes in the Association. The Association assumes no liability for the maintenance or capability of the “drain field” itself, as preservation and operation of this “drain field” is the responsibility of the specific homeowners who enjoy a beneficial interest in its operation, similar to the responsibility that all other homeowners have for the drain fields located on their individual properties. The Association does have responsibility to perform routine maintenance on the non-drain field aspects of Tract A.

ARTICLE VIII RULES

8.1 Rules and Regulations. In order to assure peaceful and orderly use and enjoyment of the lots owned by the Members of the Association, the Board of Directors may, from time to time, adopt, modify and revoke in whole or in part such rules and regulations governing the conduct of Members and the use and maintenance of the common properties. Such rules and regulations shall be consistent with CC&R's and shall be issued only to clarify or emphasize Protective Covenant terms and conditions. A copy of such rules and regulations and upon adoption a copy of each amendment, modification or revocation thereof, shall be promptly delivered by the secretary to each Member and shall be binding upon all Members from the date of delivery. Provided however, no such rules or regulations shall become effective and shall not be binding unless or until such rules or regulations have been approved by a majority of the Members, in attendance or by proxy at an annual meeting or a special meeting called for such purpose.

ARTICLE IX FINANCE - HANDLING OF FUNDS

9.1 Assessments. Each Member of the Association shall pay to the Association monthly or periodic assessments for the maintenance, upkeep and care of the common areas within the Laurel Hills plat and for general administrative expenses of the Association, to include the premiums for such insurance as the Board of Directors may elect to secure. Assessments shall be fixed, levied and collected by the Association through the actions by the Board of Directors as specified in these Bylaws.

9.2 Depositories. The monies of the Association shall be deposited in the name of the Association in such bank or banks or trust company or trust companies as the Board of Directors shall designate, and shall be drawn out only by check or other money order for payment of money signed by such person(s) and in such manner as may be determined by resolution of the Board of Directors.

9.3 Accounts. The Association shall maintain separate accounts to properly provide for the operation and maintenance of the Property, as required by the CC&R's. Subject to the direction of the Board of Directors, overall management of these accounts and the funds therein 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.

9.4 General Account. The Treasurer shall establish a checking account in a commercial bank to be known as the General Account. This account will be the working capital account for the current operations of the Association and will normally receive all monthly assessments, and all income and other funds received by the Association.

9.5 Records - Financial Reports. Complete, detailed and accurate books and records of the receipts and expenditures of the Association shall be kept in accordance with good

accounting procedures, in a form reasonably approved by the Board. The books and records, authorizations for payment of expenditures, contracts, documents, papers and other records of the Association shall be available for examination by the Members, and agents or attorneys of them, during normal business hours and at other reasonable time or times. An annual financial statement and report shall be furnished to each Member.

ARTICLE X COVENANT FOR ASSESSMENTS BY THE ASSOCIATION

10.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association its respective pro rata share of: (1) annual assessments in such amounts as the Association shall determine, to be established and collected as hereafter provided, and (2) special assessments, to be established and collected as hereinafter provided, and (3) any special charges for damage caused by a Owner to any of the Common Areas. The annual assessments, special assessments or special charges, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the assessment fell due. For purposes of this Article X, the pro rata share of such assessments shall be the amount determined by dividing the total amount of the assessment by the number of Lots within the Plat.

10.2 Lien May Be Foreclosed. In the event any Member fails to make any payment of any Assessment within the time period specified by the Board of Directors for such payment, the Board of Directors shall have authority to initiate a consensual lien upon the defaulting Member's Lot. All unpaid sums assessed by the Association pursuant to this Declaration, including but not limited to the share of the common expenses chargeable to any Lot and any sums specifically assessed to any Lot under the authority of these Bylaws shall constitute a lien on the Lot and all its Improvements from the date the assessment becomes due until fully paid. The amount of the lien shall include all interest permitted by the terms of these Bylaws, together with all costs and expenses incurred by the Association in the collection of said unpaid assessment, including the Associations attorneys' fees regardless of whether the Association has commenced litigation. The lien for delinquent assessments, including the interest and costs as set forth herein may be foreclosed by a suit by the Board, acting on behalf of the Association, in like manner as the foreclosure of a mortgage of real property. The Board, acting on behalf of the Association, shall have the power to bid on the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. The Association may maintain a suit to recover a personal judgment for any delinquent assessments without foreclosing, waiving, or releasing the liens securing them.

10.3 Assessments Are Personal Obligations. In addition to constituting a lien on the Lot, all sums assessed by the Board of Directors on behalf of the Association that are chargeable to any Lot, together with interest, costs and attorneys' fees in the event of delinquency, shall be the joint and several personal obligations of the Owners and any contract purchaser of the Lot when the assessment is made. In connection with the voluntary transfer of a Lot, the grantee shall be jointly and severally liable with the

grantor for all unpaid assessments up to the closing of the transfer, without prejudice to the grantee's right to recover from the grantor the amount paid by the grantee therefore.

10.4 Purpose of Assessments. The assessments levied by the Board of Directors on behalf of the Association shall be used to promote the recreation, health, safety and welfare of the Owners and for the maintenance, repair, replacement and restoration of the Common Areas, the Common Area Improvements and the Landscaping within the Common Areas; such use shall include general administrative expenses, accounting fees, insurance premiums and attorney's fees incurred by the Association.

10.5 Maximum Amount of Assessments. The maximum annual assessment may be increased each year by not more than ten percent (10%) above the maximum assessment for the previous year, without majority vote of more than fifty percent (50%) of the Members in attendance at a Special Meeting called for the purposes of determining or considering the annual Assessment; provided, the ten percent (10%) maximum limit on the annual assessment shall not include (i) the amount of any Association insurance premium, or (ii) taxes or assessments imposed upon the Common Areas, the entirety thereof shall not be subject to any limit, and (iii) assessments for emergency or capital expenses that are not regarded as annually re-occurring charges or expenses of the Association. The Board may fix the annual assessment at an amount not in excess of the maximum amount except as provided herein. Both annual and special assessments must be fixed at a uniform rate for all Lots.

10.6 Special Assessments for Capital Improvements, Extraordinary Costs. In addition to the annual assessments authorized above, the Board of Directors on behalf of the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction of a capital improvement upon the Common Areas, any improvements upon the Common Areas and landscaping, or for the payment of any emergency, extraordinary or unbudgeted cost, , provided that any such special assessments shall have the assent of more than fifty percent (50%) of the Members in attendance in person or by proxy at a special meeting called for the purpose of voting upon a special assessment. The Board of Directors shall establish the due dates for all special assessments.

10.7 Notice and Quorum for Any Action Authorized. Written notice of any special meeting called for the purpose of taking any action authorized under this Article X shall be sent to all Members not less than fourteen (14) days or more than thirty (30) days in advance of the special meeting. At such meetings, the presence of Members or of proxies for Members equal to fifty percent (50%) of the Members shall constitute a quorum. If the required quorum is not present, the meeting may be continued or adjourned to another date, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

10.8 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall run with the calendar year, and shall commence as to all Lots upon the date that the Board of Directors of the Association declares an assessment against all of the Lots. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Board shall establish the due dates. The Association

shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A certificate of the Association as to the status of assessments regarding a Lot duly executed by the President thereof is binding upon the Association as of the date of its issuance.

10.9 Interest on Assessments. Any assessments not paid when and as due shall bear interest from the due date at the rate of twelve percent (12%) per annum. The non-paying Owner is responsible for payment of all attorney fees that are incurred by the Association with regard to collection of delinquent assessments. No Owner may exempt him or herself from liability for an assessment, or waive or otherwise be relieved of liability for the assessments provided for herein by waiver of the use or enjoyment of the Common Area or abandonment of his or her Lot.

10.10 Subordination of the Lien to Mortgage. The lien for such unpaid assessments shall be subordinate to tax liens on the Lot in favor of any assessing unit and/or special district, and to all sums unpaid on all mortgages or deeds of trust of record as of the date of the recording of the lien for the assessment which were made in good faith and for value, but, to the extent permitted by applicable law, shall have priority over all other liens against the Lot. A Mortgagee or beneficiary of a deed of trust that obtains possession through a Mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, shall take the Lot free of any claims for the pro rata share of assessments by the Association chargeable to the Lot which became due before such possession, but will be liable for the common expenses and assessments that accrue after the taking of possession. The foreclosed Lot's past-due pro rata share of common expenses or assessments shall become new common expenses chargeable to all of the Lots, including the Lot foreclosed upon. Notwithstanding any of the foregoing, however, the defaulting Owner shall continue to be personally liable for past due assessments.

The purchaser of the property at a trustee's sale, or the holder of the deed in lieu of foreclosure shall be responsible as an Owner for all assessments coming due on the first day of the month following the date upon which such persons or entities came into title of the Lot in question. Should assessments be made upon an annual basis and be made prior to the first day of the month following the date upon which such persons or entities came into title of the Lot in question, the new Owner shall be responsible for a monthly prorated portion of said annual assessments.

ARTICLE XI CONFLICT WITH CC&R'S OR LAW - INTERPRETATION

These Bylaws are intended to comply with and supplement the Articles of Incorporation for the Association and the CC&R's. If any of these Bylaws conflict with the provisions of the Articles or the CC&R's, the provisions of the CC&R's will control. The provisions of these Bylaws shall be liberally construed to effectuate their purpose to create a uniform plan for the management and operation of Laurel Hills Homeowner's Association.

**ARTICLE XII
MISCELLANEOUS**

12.1 Severability. The enforceability, invalidity, illegality or termination of any provision of these Bylaws shall not render any other provision of these Bylaws unenforceable, invalid or illegal, and shall not terminate these Bylaws or the rights or obligations of the parties.

12.2 Recitals and Exhibits. The recitals and all exhibits, documents and writings referred to in these Bylaws are an integral part of the agreement between the parties and incorporated herein by this reference, and are made a part of these Bylaws as if set forth in full.

12.3 Headings. The headings of the Articles, Sections and Paragraphs in these Bylaws are inserted solely for indexing and convenience and are not a part of and are not intended to amplify or restrict the contents of the respective paragraphs or sections or to govern, limit or aid in the construction of any term or provision hereof.

12.4 Number and Gender. In these Bylaws, the masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the other whenever the context so requires.

12.5 Counterparts. These Bylaws may be executed in one or more counterparts, each of which shall be deemed an original and with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart. The signature pages from such counterparts may be assembled together to form a single instrument comprised of all pages of these Bylaws and a complete set of all signature pages. The date upon which the last of all of the parties have executed a counterpart of these Bylaws shall be the "date of mutual execution" hereof.

IN WITNESS WHEREOF, the undersigned, as the duly elected Directors of the Laurel Hills HOA, hereby acknowledge, adopt and agree to these Bylaws as the Bylaws of the Laurel Hills HOA, as of the date of mutual execution hereof.

Dan Adkinson, Director
Dated this ___ day of March, 2010

George Phillips, Director
Dated this ___ day of March, 2010

Sharon Jackson, Director
Dated this ___ day of March, 2010

Carlene Gaudette, Director
Dated this ___ day of March, 2010

Joe Papik, Director
Dated this ___ day of March, 2010

Marty Owens, Director
Dated this ___ day of March, 2010

Carl Schuler, Director
Dated this ___ day of March, 2010

Joe Truglio, Director
Dated this ___ day of March, 2010

Mark Davis, Director
Dated this ___ day of March, 2010