

## BYLAWS

of

### SKY MOUNTAIN HOMEOWNERS' ASSOCIATION

#### ARTICLE I. Membership

Section 1. The membership of Sky Mountain Homeowners' Association ("Association"), a Washington nonprofit corporation, shall consist of and be limited to each owner of record of a parcel within the boundaries of Sky Mountain, Division No. 1 ("Sky Mountain 1"), which is located in King County, Washington as recorded in Volume 122 of Plats, pages 72 through 75, records of King County, and within the boundaries of Sky Mountain, Division No. 2 ("Sky Mountain 2"), which is located in King County, Washington, as recorded in Volume 124 of Plats, pages 97 and 98, records of King County, provided that the owners of parcels in Sky Mountain 2 shall not become members of the Association until such time as the Association is assigned the rights of the declarant under the Declaration of Covenants, Conditions and Restrictions for Sky Mountain 2 (the "Merger Date") as more particularly described in Article III of the Articles of Incorporation of the Association. "Sky Mountain" shall refer to Sky Mountain 1 before the Merger Date and to both Sky Mountain 1 and Sky Mountain 2 after the Merger Date. Owners of record shall include a contract purchaser whose interest is recorded and shown on the records of King County, Washington. If more than one record owner exists for any parcel, each such record owner shall be a member; provided however, that the several members who own a single parcel of record shall be entitled to only one vote in any elections or other matters to be voted upon by the membership and will designate one owner as the voting member. Owners who are husband and wife shall share between them one membership. Any member who owns more than one parcel shall be entitled to as many votes as the number of parcels owned by such member.

Section 2. The secretary of the Association shall maintain a record of the owners of all parcels within Sky Mountain. The Association shall not be liable to ascertain ownership of any parcel or the ownership of the membership appurtenant to the parcel until the secretary has received actual written notice of a change in ownership.

#### ARTICLE II. Directors and Officers

Section 1. The management of the commonly held property and the business of the Association shall be vested in the board of directors. The board of directors shall consist of three persons, who need not be members of the Association.

Section 2. Directors shall be elected by the members to serve for two-year terms and until their successors are elected and qualified, provided, however, that within thirty (30) days of the Merger Date a special meeting of the members of the Association shall be called. At such special meeting three new Directors shall be elected and the terms of the then directors shall terminate when the newly elected directors take office. A just-terminated director may be elected to serve as a new director.

Section 3. At the first meeting of the board of directors after each annual meeting of the members, the board of directors shall elect a president, a secretary, one or more vice-presidents, a treasurer, and may also from time to time elect one or more assistant secretaries or assistant treasurers. The treasurer shall not in any way be associated with or related to the developer. Any officer may be suspended or removed by a majority vote of the directors.

Section 4. Any vacancy occurring on the board of directors shall be filled by appointment by a majority of the remaining directors. The person appointed shall hold office until the next annual meeting of the members and the election and qualification of his successor.

### ARTICLE III. Meetings

Section 1. The board of directors shall hold such meetings as the president of the Association or any two members of the board shall deem necessary by giving written or oral notice thereof at least three days in advance of the time and place. A majority of the board of directors shall constitute a quorum for the transaction of business. Any action of the board of directors may be taken without a meeting if all directors consent in writing thereto.

Section 2. Annual and special meetings of the members of the Association shall be held at such time and place as shall be designated by the board of directors, the president or by members representing 20% of the total voting rights of the members as shown on the books of the Association. All such meetings shall be held within Sky Mountain at the place designated, or in the event that it is not possible to hold such meetings within Sky Mountain, at such other place as designated by the board of directors. Notice thereof shall be given by the secretary by mailing notice to each member at the address shown on the books of the Association not less than 10 days nor more than 50 days prior to the date of the meeting.

Section 3. At all annual and special meetings of the members, members represented in person or by proxy having at least 33 1/3% of the voting rights shown on the books of the Association shall constitute a quorum for the transaction of business. A quorum need not be present at the meeting of the members in which control of the Association is turned over to the members. Votes may be cast in person or by proxy filed with the secretary. Members voting by proxy shall be counted as present for the purpose of establishing a quorum. The Association may rely upon the written certification of any record owner of a parcel that the owner is entitled to cast the vote of all members owning of record any interest in such parcel in the absence of actual notice to the contrary received from any other record owner of such parcel. If a parcel is owned by a partnership or corporation, the owner shall notify the secretary of the name of the person authorized to represent the corporation or partnership at all meetings of members, which designation may be changed from time to time, by notice in writing to the secretary. Any actions of the members may be taken without a meeting if all members entitled to vote consent in writing to the action.

#### ARTICLE IV. Duties of Officers

Section 1. The president shall preside at all meetings of the members, sign all contracts and other instruments authorized by the board of directors and may call special meetings of the directors or the members whenever he or she deems necessary. The president shall exercise, under the direction of the board of directors, the general supervision of the affairs of the Association.

Section 2. The vice-president, if any, shall preside at all meetings in the absence of the president. If the president is absent or disabled, the vice-president shall perform all other duties of the president which are incidental to the office.

Section 3. The secretary shall issue all notices and shall attend and keep minutes of all meetings and shall have charge of all books, records and papers of the Association.

Section 4. The treasurer, shall keep safely all monies and securities of the Association and make disbursements under the direction of the board of directors. The treasurer shall cause to be deposited all funds of the Association in a bank or banks selected by the directors and shall, at any time directed by the directors, issue and present a full statement showing in detail the financial condition of the Association. Until the Association is completely lot-owner controlled, all assessments are to be paid directly to the treasurer, who is not associated with or

related to the developer, who is the sole signatory on all Association accounts, and who will make the financial records of the Association available to each member.

Section 5. Any other officers appointed by the board of directors shall perform such duties as may be designated by the board.

Section 6. Any officer, other than the president, may occupy more than one office concurrently with the consent of the board of directors.

#### ARTICLE V. Assessments

Section 1. The members of the Association shall be liable for the payment of charges and assessments from time to time to be fixed and levied by the board of directors as set forth in the Declaration of Covenants, Conditions and Restrictions for Sky Mountain 1 dated December 3, 1982 ("Declaration 1") which was recorded on December 3, 1982 in King County, Washington under Auditor's No. 8212030433, and, after the Merger Date, as set forth in the Declaration of Covenants, Conditions and Restrictions for Sky Mountain 2 dated February 5, 1985 ("Declaration 2"), which was recorded in King County, Washington under Auditor's No. 8502140052 and amended by that certain Amended Declaration of Covenants, Conditions and Restrictions dated November 21, 1986 and recorded under King County Auditor's No. 8611262333. "Declaration" shall refer to Declaration 1 before the Merger Date and to both Declaration 1 with respect to Sky Mountain 1 and Declaration 2 with respect to Sky Mountain 2 after the Merger Date.

Section 2. Assessments shall be due annually during each calendar year commencing January 1, 1988. The board of directors may change the date upon which such assessments are payable upon written notice to the members. All assessments shall be payable to the treasurer of the Association, at such address as the board of directors may designate from time to time.

Section 3. Any charge or assessment levied by the Association in accordance with the Declaration, including interest thereon and collection costs as provided for in the Declaration, shall constitute a lien upon such parcel as soon as such charge, assessment, interest or other cost shall become due and payable. Such lien shall be superior to any and all other liens (except as provided below) at any time levied or imposed upon such lot and such lien shall be enforceable by foreclosure proceedings in the manner provided by law for foreclosure of mortgages.

Section 4. Mortgage liens or deeds of trust given for the purpose of securing funds for the purchase of any lot or the construction of a residence or other improvements upon any parcel which are recorded in accordance with the laws of the state of Washington shall be, from the date of recordation of such, superior to any and all charges, assessments and liens imposed pursuant to this Article or the Declaration.

ARTICLE VI. Amendments

These Bylaws may be amended at any annual or special meeting of the members, provided written notice of the proposed amendment is given to the members at least 10 days prior to the date of the meeting. A vote of 2/3 of the members present at the meeting in person or by proxy shall be required to amend these Bylaws.

ARTICLE VII. Date of Adoption

These Bylaws are duly adopted by the Association on this 31st day of May, 1987. ~~1988~~.

  
Secretary

Attest:

  
President

$3\frac{1}{3}$  <sup>70</sup>  $\frac{2}{3}$  year

**RESOLUTIONS OF THE MEMBERS OF  
SKY MOUNTAIN HOMEOWNERS ASSOCIATION**

**AMENDMENT OF BYLAWS**

The Members of Sky Mountain Homeowners Association, having received proper notice of the consideration of the proposals described herein at the 2000 Annual Meeting of the Association; and having cast the required majority vote of a quorum of the members in attendance, in person or by written proxy, in favor of the following resolution proposed by the Board; and the Secretary of the Association having certified the results of such vote by signing these resolutions; the Association hereby adopts the following resolutions as amendments of the Bylaws of the Sky Mountain Homeowners Association:

Amendment of Bylaws – Article II, Section, Directors and Officers:


The following language shall replace the language contained in Article II, Section 1 of the Bylaws:

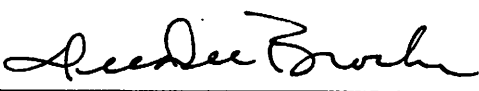
The management of the commonly held property and business of the Association shall be vested in the board of directors. The board of directors shall consist of not less than three, nor more than seven persons, who need not be members of the association. Initially, the number of directors shall be seven. The directors shall serve staggered terms with four directors each serving a two-year term and three directors each serving a one-year term.

If a board member does not complete his or her elected term, then the remaining board members shall appoint a new board member to complete the remaining term of the departing board member. Staggered terms shall remain in effect.

The foregoing resolution of the members are hereby adopted as amendments to the Bylaws of the Sky Mountain Homeowners Association this 7<sup>th</sup> day of June, 2000.

**SKY MOUNTAIN HOMEOWNERS ASSOCIATION**

By  Date: 9-20-00  
President

By  Date: 9-2000  
Secretary