

BYLAWS
OF
REED I & II HOMEOWNERS ASSOCIATION

ARTICLE 1
NAME AND LOCATION

The name of the corporation is Reed I & II Homeowners Association, hereinafter referred to as the "Association." The principal office of the Association shall be located at PO Box 610, Spanaway, WA 98387 but meetings of Members and Directors may be held at such places within the State of Washington, County of Pierce, as may be designated by the Board of Directors.

ARTICLE 2
DEFINITIONS

The following terms when used herein shall have the following meanings unless a different meaning is plainly required by the context.

- 2.1 "ASSOCIATION" shall mean Reed I & II Homeowners Association, its successors and assigns.
- 2.2 "COMMON PROPERTY" shall mean any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners.
- 2.3 "DECLARANT" shall mean Carriage Homes, Inc., a Washington corporation, 58% and Bill Riley 42%. Said entities jointly exercise all rights reserved to Declarant as set forth in the Bylaws and the Declaration according to the entity percentage so noted above. At any time as such party has sold or conveyed all the lots held by that entity then that party shall no longer be considered a Declarant.
- 2.4 "DECLARATION" shall mean the Declaration of Protective Covenants, Conditions, Easements and Restrictions as recorded with the Pierce County Auditor, in Pierce County, Washington under Auditor's No. 200308291885.
- 2.5 "LOT" shall mean any plot of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a residential dwelling site as shown on a plat recorded in the records of Pierce County. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association.
- 2.6 "MEMBER" shall mean and refer to those persons entitled to membership as provided in the Declaration of Covenants, Conditions and Restrictions for Reed I & II.

2.7 "OWNER" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Lot located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

2.8 "PROPERTIES" shall mean all the property described in the Declaration of Covenants, Conditions and Restrictions for the Plat of Reed I & II recorded with the Pierce County Auditor under Auditor's Recording No. 200303215005 Reed I & 200303265003 Reed II, Pierce County, Washington.

ARTICLE 3 MEETINGS OF MEMBERS

3.1 Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month each year thereafter, at the hour of 7:00 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

3.2 Special Meetings. Special meetings of the Members may be called at any time by the Board of Directors upon written request of the Class B Members or of the Class A Members who are entitled to vote one-quarter of the votes of the Class A Membership.

3.3 Notice. Notice of all meetings of Members shall be mailed by or at the direction of the Secretary to each Member, postage prepaid, at the address thereof as shall appear in the records of the Association or supplied by such Member to the Association for the purpose of Notice. Such notice shall be so mailed not less than fourteen (14) days nor more than sixty (60) days with respect to any meeting called to consider any of the following matters:

- Additions to the Properties;
- Dedication, sale or transfer of any part of the Common Properties;
- Merger or consolidation;
- Mortgage of any part of the Common Properties;
- Dissolution of the Association; and
- Levy of special assessment for capital improvements or change in maximum annual assessment.

The notice of the meeting shall specify the place, day and hour of the meeting and in case of a special meeting, the purpose of the meeting.

3.4 Quorum. Except as hereinbefore and as hereinafter provided, the presence at any meeting in person or by proxy of Members entitled to cast one-tenth of the votes of each class of membership shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereon shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum as set forth above shall be present or represented. The vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the Members unless a greater proportion is required by the Declaration, the Articles of Incorporation or the Bylaws.

3.5 Proxies. A Member may vote in person or by proxy executed in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically terminate upon revocation of membership.

ARTICLE 4
BOARD OF DIRECTORS – SELECTION – TERM OF OFFICE

4.1 Number. The affairs of the Association shall be managed by a Board of Directors of not less than one nor more than three Directors. Directors need not be Members of the Association.

4.2 Term. The Directors named in the Articles of Incorporation shall serve until the Declarant turns over control as set forth in the Declaration. At the first annual meeting at the turn over of control, the Class A Members shall elect two Directors for a term of one year each and one Director for a term of two years; and at each annual meeting thereafter, the Members shall elect Directors for a term of two years each. Directors shall serve until their successors are elected and assume office.

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

4.4 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.

4.5 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 in a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 5
NOMINATION AND ELECTION OF DIRECTORS

5.1 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

5.2 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, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE 6
MEETINGS OF DIRECTORS

6.1 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 said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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

6.3 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 a quorum is present shall be regarded as the act of the Board.

ARTICLE 7 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 General Powers. The Board of Directors shall have the power to:

7.1.1 Adopt and publish rules and regulations governing the use of the Common Property and facilities provided by the Association, and the personal conduct of Members and their guests thereon, and to establish penalties for the infraction thereof.

7.1.2 Exercise for the Association all powers, duties and authorities vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

7.1.3 Lease or otherwise acquire the use of any and all kinds of recreation and athletic facilities for the use and benefit of the Members of the Association and to enter into management contracts for the management of such facilities.

7.1.4 Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three consecutive regular meetings of the Board of Directors.

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

7.2.1 Cause to be kept a complete record of all of its acts and proceedings of its meetings and to cause to be presented at the annual meeting of the Members a report reviewing the business and affairs of the Association for the year.

7.2.2 As more fully provided in the Declaration, to fix the amount of the annual assessment against each Lot as those terms are defined in the Declaration and give the Owner subject thereto written notice of such assessment at least thirty (30) days prior to the due date thereof, and to cause to be prepared a roster of the property subject to the assessment with assessments applicable to each property and to keep such roster in the Association office subject to inspection by any Member.

7.2.3 Procure and maintain adequate liability and hazard insurance on property owned, leased or otherwise used by the Association.

7.2.4 Cause all Officers or employees having fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties, the premium on such bond to be paid by the Association.

7.2.5 Cause the Common Property and the exterior of the buildings thereon, if any, to be maintained.

