

BY-LAWS
OF
MERIDIAN VALLEY MAINTENANCE ASSOCIATION

ARTICLE I

NAME AND LOCATION, The name of the corporation is MERIDIAN VALLEY MAINTENANCE ASSOCIATION, hereinafter referred to as the “association”. The principal office of the Association shall be located at 24830 136th S.E., Kent, Washington, but meetings of members and Trustees may be held at such places within the State of Washington, County of King, as may be designated by the Board of Trustees.

ARTICLE II

DEFINITIONS

Section 1. “Association” shall mean MERIDIAN VALLEY MAINTENANCE ASSOCIATION, its successors and assigns.

Section 2. “Developer” shall mean MERIDIAN VALLEY ASSOCIATES, a Limited Partnership, and any successors or assigns.

Section 3. “The Plat” shall mean that certain real property described in Article 3 of the Articles of Incorporation, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. “Common Properties” shall mean all real property owned by the Developer or the Association not designated as lots or condominium sites.

Section 5. “Lot” shall mean any plot of land shown upon any recorded subdivision map of the properties with the exception of the common properties.

Section 6. “Member” shall mean every person or entity who holds a membership in the Association.

Section 7. “Owner” shall mean the record owner, whether one or more persons or entities and specifically including the Developer, of the fee simple title to any lot or lots or any condominium unit or units which are a part of the “Plat” or annexations thereto, and shall include a contract purchaser of a lot or lots or condominium site or units but shall not include a contract seller or mortgagee.

Section 8. The term ‘real estate contract’ shall not include an earnest money receipt and agreement and the terms “contract seller” and “contract purchaser” shall not include the parties to any such earnest money receipt and agreement.

Section. 9. “Declaration” shall mean and refer to the Declaration of Restrictions applicable to the properties recorded under file No. 6495515 in the Office of the King County Auditor.

Section 10. “Condominium” shall mean a structure consisting of more than one family unit.

(a) “Condominium Unit” shall designate one family dwelling unit out of the several family dwelling units within a condominium.

(b) “Condominium Developer” shall include the person, persons or business entity who cause the construction of a Condominium.

(c) “Condominium Sites” shall designate those portions of the Plat on which may be developed “condominium”.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who is the owner in any lot(s) or condominium site(s) or unit(s) which are subject by the Declaration of Restrictions to assessment by the Developer or the Association, shall be a member of the Association: Provided, however, that if any lot or condominium unit is held by two (2) or more persons, the several owners of such interest shall designate one of their number as a “member”. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from Ownership of or the contract purchaser’s interest in any lot or condominium unit which is subject to assessment by the Developer or the Association. Upon transfer of the fee interest to, or upon the execution and delivery of a contract for the sale of (or of an assignment of a contract purchaser’s interest in) any lot or condominium unit, the membership and certificate of membership in the Association shall ipso facto be deemed to be transferred to the grantee, contract purchaser or new contract purchaser as the case may be. Ownership of or a contract purchaser’s interest in any such lot or condominium unit shall be the sole qualification for membership. Owners within annexed areas shall be members.

Section 2. Voting Rights. No person shall have more than one (1) membership regardless of the number of lots or condominium units owned or being purchased, and the interest of each member shall be equal to that of any other member, and no member may acquire any interest which shall entitle him to any greater voice, vote or authority in the Association than any other member. In the case of lots or condominium units owned by two (2) or more persons, only the owner designated as the “member” pursuant to Section 1 of this Article III shall be entitled to vote.

ARTICLE IV

MEETINGS OF TRUSTEES

Section 1. Regular Meetings. Regular meetings of the Board of Trustees shall be held monthly without notice, at such place, date 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.

Section 2. Special Meetings. Special Meetings of the Board of Trustees shall be held when called by the President of the Association or by any two Trustees, after not less than three (3) days notice to each Trustee.

Section 3. Quorum. Any four of the number of Trustees shall constitute a quorum for the transaction of business. Every act or decision done or made at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE V

NOMINATION AND ELECTION OF TRUSTEES

Section 1. Nomination. Nomination for election to the Board of Trustees shall be made by a Nominating Committee. The Nominating Committee, shall consist of a Chairman, who shall be a member of the Board of Trustees, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Trustees at each annual meeting of the members, to serve from the close of such annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall nominate for each election to the Board of Trustees one, or more, members for each vacancy to be filled. Only members may be nominated. The Nominating Committee shall be convened on or before the second Tuesday in November; following reasonable notification of the membership that nominations will take place prior to the second Tuesday in November. The Nominating Committee shall prepare a slate of candidates for submittal to the members by November 15. Any member may be nominated by filing a petition, prior to November 15, bearing the signature of at least twenty (20) members.

Section 2. Election. Election of the Board of Trustees shall be by secret written mail ballot; except in those instances when only one candidate is nominated for each position. At such election, the members or their proxies may each cast one vote for each vacancy. The names receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted. Ballots shall be mailed, if necessary, prior to December 1, and returned not later than the Monday preceding the second Tuesday in December to the Association's mailing address.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF TRUSTEES

Section 1. Powers. The Board of Trustees shall have power:

(a) To adopt and publish rules and regulations governing the use of the common properties and facilities, and the personal conduct of the members and their guests thereon, and to establish, from time to time, penalties for the infraction thereof;

(b) To exercise for the Association all powers, duties and authority vested in or delegated to this Association not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(c) To declare the office of a member of the Board of Trustees to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Trustees; and

(d) To borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and

(e) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Washington by law may now or hereafter have or exercise.

(f) To retain or employ any person, firm or entity, including but not limited to a manager, superintendent, an independent contractor, attorney, accountant, architect or such other employee or professional person as they deem necessary, and to prescribe their duties.

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

(a) To 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 or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote:

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

(c) To supervise and enforce the requirements of the Declaration:

(1) To establish, levy and assess, and collect the assessments or charges referred to in Article 6 of the Declaration as applicable to the Association.

(2) To send written notice of each assessment to every owner or contract purchaser subject thereto at least ten (10) days in advance of the effective date of each annual or special assessment.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of any assessment therein stated to have been paid;

(e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) To cause any common properties owned by the Association to be maintained.

(h) To audit at the annual meeting a proposed budget for the ensuing year projecting costs of maintenance, improvements, contingency, protection and administration of the affairs of the Association. The total expenditures shall be approved by the majority of the members casting votes at the annual meeting.

(i) To do any and all other acts as it may deem necessary to preserve, effectuate and implement the meaning and intent of the Articles, By-Laws and the Declaration.

ARTICLE VII

BOARD OF TRUSTEES SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of seven (7) Trustees. One Trustee shall be appointed by the Meridian Valley Country Club. Six Trustees, who must be members of the Association, shall be elected in accordance with Article V of these By-Laws.

Section 2. Election. The Board members shall serve three-year terms with two members being elected annually. In the event of the death, resignation, removal or addition of a Trustee, a Board member shall be elected to serve the remainder of the term at the annual election, in the manner set forth in Article V.

Section 3. Removal. Any Trustee may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of the death, resignation, removal or addition of a Trustee, his successor shall be selected by the remaining members of the Board and shall serve until a successor is elected.

Section 4. Compensation. No Trustee shall receive compensation for any service he may render to the Association. However, any Trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Trustees 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 Trustees. Any action so approved shall have the same effect as though taken at a meeting of the Trustees.

ARTICLE VIII

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Each member shall be entitled to the use and enjoyment of the common properties and facilities as provided in the Declaration. Any member may delegate his rights of enjoyment of the common properties and facilities to the members of his family or his tenants who reside on the property, and, subject to regulation by the Board of Trustees, to his guests. Such members shall notify the secretary in writing of the names of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the members, as fully provided in the Articles, By-Laws and Declaration.

ARTICLE IX

COMMITTEES

Section 1. The Association shall appoint a Nominating Committee, an Architectural Committee to perform the duties and functions described in Article 6 of the Declaration, a Security Committee, A Maintenance Committee and an Audit Committee. In addition, the Board of Trustees shall appoint other committees as deemed appropriate in carrying out the purpose of the corporation.

Section 2. The Audit Committee composed of three (3) members shall conduct an annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting as provided in Article XI, Section 8 (d). The treasurer shall be an ex officio member of the Committee.

Section 3. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Trustee or officer of the Association as is further concerned with the matter presented.

Section 4. The Architectural Committee shall be formed in accordance with Article 6 of the Declaration. No member of the committee shall act for the committee, vote with the committee, in any action in which the committee member would have an interest as an owner, designer, builder, realtor or mortgagor.

ARTICLE X

MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held on the second Tuesday of December of each year, at the hour of 8:00 p.m., at the business office of the corporation, 24830 136th S.E., Kent, Washington, or at such other place as provided in the Notice of the meeting. 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 Meeting. Special meetings of the members may be called at any time by the President or by the Board of Trustees, or upon written request of one fourth (1/4) of all members of who are entitled to vote according to the secretary's records at the time the written request is presented.

Section 3. Notice of meetings. 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, at least 15 days before such meeting to the address of the member as shown 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 case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members and/or proxies entitled to cast, one-tenth (1/10) of the votes of the entire 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 thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

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 or condominium unit.

ARTICLE XI

OFFICERS AND THEIR DUTIES

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

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Trustees following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise 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 & Removal. Any officer may be removed from office with 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 regular election. The officer elected 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 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:

(a) President: The president shall preside at all meetings of the Board of Trustees, shall see that orders and resolutions of the Board are carried out; shall sign when authorized, all written instruments and shall co-sign with other authorized officers, agents or employees, all checks and promissory notes. He shall annually appoint and re-appoint all committees.

(b) Vice-President: The vice-president shall act in the place and stead of the president in the 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.

(c) Secretary: The secretary shall execute all written instruments along with the president and shall record the votes and keep the minutes of all meeting 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 on the Board and of the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: 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 Trustees, shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit by no later than November 30 of each year; and shall prepare a proposed annual budget and a statement of income and expenditures to be presented to the membership at it's regular annual meeting; and deliver a copy of each to the members with the annual meeting notice.

ARTICLE XII

MAINTENANCE ASSOCIATION

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each owner or contract purchaser of any lot or lots or condominium site or unit by acceptance of a deed or real estate contract therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Developer during the development period, and thereafter to the Association, as hereinafter provided; (1) An annual assessment or charge, and (2) Special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest and costs of collection thereof (including reasonable attorney's fees) shall also be the personal obligation of the person who was the owner or contract purchaser (or in the event there is more than one owner or contract purchaser, against each of them jointly and severally) of such property at the time when the assessment fell due. The personal obligation shall not pass to successors in title unless expressly assumed by them: Provided, however, that in the case of a sale or a contract for the same of (or an assignment of a contract purchaser's interest in) any lot or condominium site or unit which is charged with the payment of an assessment or assessments the person or entity who is the owner or contract purchaser immediately prior to the date of any such sale, contract or assignment shall be personally liable only for the amount of the assessment due prior to said date. The new owner or contract purchaser shall be personally liable for assessments which become due on or after said date.

Section 2. Purpose of Assessments. The assessments shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the properties, and among other uses may include, subject to the Board's discretion, the construction, establishment, improvements, repair and maintenance of the common properties and services and facilities related to the use and enjoyment of the common properties, the payment of taxes and insurance on the common properties, and the installation and maintenance of planting areas on the streets located within the subdivision, the policing and fire protection of all properties within "The Plat" and the gate entries to "The Plat", and the reimbursement of Trustee's expenses to the Trustees.

Section 3. Uniform Assessments Against Lots and Condominium Units. Each and every lot, condominium site and unit located within "The Plat", without regard to the value or front footage or square foot area thereof, and uniform annual assessment or special assessment as shall be determined by the Developer exclusively during the development period, or thereafter by the Board of Trustees of the Association and such determination shall be final and conclusive. After the development period the assessment shall be based upon the annual budget as adopted by the Board of Trustees of the Association and shall be disclosed at the Association's annual meeting along with the budget; provided, that in the event at any time any of the lots or condominium sites shall be divided in ownership, then there shall be assessed against the several portions of any such lots or condominium sites, and the respective owners thereof, such proportionate part of the amount assessed against the several lots or condominium sites as the area in each portion of such divided lot or

condominium site bears to the whole, and the determination of the Board of Trustees in that respect shall be final and conclusive.

Section 4. Condominiums. The owner or owners of condominium sites shall pay an assessment equal to the amount assessed against any lot but at such time as construction of a condominium is commenced the assessment shall apply equally to each condominium unit. The person or business entity developing any condominium units shall bear the assessment levied against any condominium units of which they are record owner. In the event any condominium unit(s) is (are) owned by more than one person or entity, then each owner shall be equally liable for any such annual or special assessment.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments for capital improvements upon the common properties, following approval of the project by a majority of the members voting at the annual meeting or voting on a written ballot mailed to each active unencumbered member of the Association. Ballots shall be mailed by registered mail thirty (30) days prior to date established for count of the vote. Any such levy by the Association or Developer shall be for the purpose of defraying in whole or in part, the cost of any construction or re-construction, unexpected repair or replacement of a described capital improvement upon the common properties, including the necessary fixtures and personal property related thereto.

Section 6. Date of Commencement of Assessments: Due Dates. As to each particular lot or condominium site or unit involved, the liability for the annual or special assessments shall begin on the first day of the calendar month following levy by the Developer during the development period or thereafter following the annual meeting at which such assessment is announced by the Board. Provided that if the entire assessment is not paid in full on or before the 10th day of the first calendar month following the adoption of the resolution enacting the assessment, then the member shall be charged a 10% penalty on the amount of the assessment.

Section 7. Effect of Non-Payment of Assessments: Remedies. If any assessment payment is not made within thirty (30) days after it was first due and payable, the entire assessment shall bear interest from the date on which it was due at the maximum legal rate, and the Developer or the Association, may bring an action at Law for the entire amount assessed, against the one personally obligated to pay the same and/or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be included in any judgment or decree entered in such suit. No owner or contract purchaser shall be relieved of liability for the assessments provided for herein by non-use of the common properties or abandonment of his lot. Said foreclosure action shall proceed in the manner provided by law for the foreclosure of mortgages on land and in addition to all other costs reasonably incurred in such a foreclosure the defendant shall pay the costs of a title search. In addition the member whose assessment obligation is delinquent may be suspended from use of the common properties.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust or any second mortgage or deed of trust securing payment of the purchase price now or hereafter placed on any lot. Sale or transfer of any lot shall not affect the assessment lien.

Section 9. Exempt Property. The following property subject to the Declaration shall be exempt from the assessments created therein: (a) common properties; and (b) all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Washington. However, no land or improvements devoted to dwelling use shall be exempt from said assessments, (c) Lots or condominium sites held by the Developer or the Association.

ARTICLE XIII

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, The Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a price from time to time established by the Developer or Board of Trustees.

ARTICLE XIV

NOTICES TO MEMBERS - MANNER OF GIVING

Notices of any kind required to be given when the notice has been deposited in the United States Mail, addressed to the member at the address shown for him on the books of the Association, with the postage thereon fully prepaid. If the address of any member is not given or shown on the books of the Association, notice mailed to the member's address last known to the Secretary shall be deemed as properly given.

ARTICLE XV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "MERIDIAN VALLEY MAINTENANCE ASSOCIATION", and the words "Corporate Seal Washington 19—" in the form and style as affixed in these By-Laws by the impression of such seal.

ARTICLE XVI

AMENDMENTS

Section 1. These By-Laws may be amended, at an annual or special meeting of the members, by a vote of 67 per cent of a quorum of members present in person or by proxy, except that during the development period, the Developer shall have the right to veto amendments.

Section 2. In case of any conflict between the Articles of Incorporation and these By Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XVII

MEMBERSHIP CERTIFICATES

No membership certificate shall be issued as such by the Association. Membership in the Association shall be evidenced by instruments of real estate conveyance showing the holder thereof to be fee owner or contract purchaser of a lot or condominium unit. Any transfer of membership to the grantee thereof.

ARTICLE XVIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the First day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XIX

VOTING BY MAIL

Notwithstanding any other provision of these By-Laws the Board of Trustees may, in their discretion, conduct any vote of the general membership with mailed ballots. The method of conducting any such balloting by mail may be established from time to time by the Board of Trustees.

ARTICLE XX

INDEMNIFICATION

Any person who is made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of this corporation or is or was serving at the request of this corporation as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and with respect to any criminal action had no reason to believe his conduct was unlawful. In any action or suit by or in the right of this corporation to

procure a judgment against such person, no indemnification shall be made in respect of any claim, issue or matter as to which he shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which suit action or suit was brought shall determine upon application that, despite an adjudication of liability, he is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. On request of such person who is made or is threatened to be made a party to any such suit, this corporation shall enter into an agreement confirming the foregoing subject to limitations as provided by law in such instances. The indemnification herein provided for shall continue as to a person who has ceased to be a director or officer of this corporation, shall inure to the benefit of his heirs, executors and administrators, and shall be in addition to rights of indemnification provided by law.

ARTICLE XXI

DATE OF ADOPTION