

BYLAWS
OF
FOREST ROCK HILLS HOMEOWNERS ASSOCIATION

⚠ REVISOR 6/19/2000
⚠ REVISOR 4/7/1998

ARTICLE I

Name and Location

⚠ Article I. Name and Location. The name of the corporation is FOREST ROCK HILLS HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at ~~5775 Soundview Drive, Suite 104A, Gig Harbor, Washington~~ the residence of the Secretary of the Association, but and meetings of members and directors may be held at such places within the City of Poulsbo, State of Washington, ~~County of Pierce or Kitsap~~, as may be designated by the Board of Directors.

ARTICLE II

Definitions

The terms used in these Bylaws shall have the same meaning as those in the Covenants, Conditions and Restrictions for FOREST ROCK HILLS recorded under Kitsap County Auditor's No. 9201210083, and as amended from time to time.

ARTICLE III

Meetings of Members

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Section 1. Annual Meetings. The first annual meeting of the members shall be held at the discretion of the original Directors within one (1) year from the date of incorporation of the Association. Thereafter, annual meetings shall be held on the anniversary of such date in such succeeding year, or on such date as approved by a majority of the membership if they decide the annual meeting should be held on another date for each succeeding year. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by any Director, or upon written request of the members who are entitled to vote one-fourth (1/4) of the votes.

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 fifteen (15) days before such meeting to each member entitled to vote at the meeting, addressed to the



member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast one-third (1/3) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, as amended, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote 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 be represented.

Section 5. Manner of Voting. At all meetings of members, each member may vote in person, by mail, or by proxy.

ARTICLE IV

Board of Directors; Selection; Term of Office

Section 1. Number. The affairs of this Association shall be managed by a board of directors (the "Board of Directors" or the "Board") of no less than three (3) Directors, and no more than seven (7) Directors. If the Board of Directors votes to increase the number of Directors, then the Association shall add Directors in multiples of two (2) so that the total number of Directors is always an uneven number. Any added Directors must be voted into office at a regular election of other Directors.

Section 2. Term of Office. At the first annual meeting, when all phases of all Lots are developed with occupied residences, the members shall elect at least five (5) Directors: two Directors shall be elected for a two (2) year term and the other three Directors shall be elected for a one (1) year term. At each annual meeting thereafter the members shall elect any vacant or expired Director's position for a term of two (2) years. If, at any time, the Board votes to add Directors, one-half of those added shall be elected for terms of two (2) years, and the other half for terms of one (1) year.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association, except that no initial Director may be removed without cause prior to the selling of all Lots by Forest Rock Hills Associates, or their assigns. In the event of death, resignation or removal of a Director, the successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

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



SEE REVISION 4.7.1998

APPROVED 4.7.98
ANNUAL MEETING

Forest Rock Hills Homeowners Association

Amendment to Article IV, Section 4, of the Forest Rock Hills Bylaws

Provided, however, that (1) as long as the Secretary/Treasurer is a certified public accountant; (2) the Secretary/Treasurer agrees to provide bookkeeping and accounting services for the Forest Rock Hills Homeowners' Associations; and (3) all phases of all lots have not been developed as set forth in Article IV, Section 2, of these Bylaws, the Secretary/Treasurer may be compensated for her bookkeeping and accounting services, at a rate set by the directors.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Approval may also be given by telephone so long as later written approval is obtained within five (5) working days. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

Nomination and Election of Directors.

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairperson, who shall be a member of the Board of Directors, and two or more members of the Association who shall 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 shall be made from among the members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members may vote in person, by mail, or by proxy in response to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration, or as amended. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held no less than six (6) times a year, without notice, at such place and hour as may be fixed by the Board of Directors, with notice given annually to the members of next year's meetings times.

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

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Members present through use of telephone shall be deemed present for purposes of a quorum, and may vote by telephone. 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 an act of the Board.

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ARTICLE VII

Powers and Duties of Board of Directors

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

(a) Suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association or in material breach of any covenant contained in the Declaration as amended.

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

(c) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent without approval from three (3) consecutive regular meetings of the Board of Directors, or absent, even with approval from five (5) regular meetings of the Board in any 12-month period. The successor shall be appointed pursuant to Article IV, Section 3 of these Bylaws.

(d) As necessary to pursue the Association responsibilities, employ an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(e) Enforce all covenants, restrictions and conditions of the Declaration as amended. (This power does not in any way reduce the power of any member to enforce such covenant, nor does it require enforcement unless the Board of Directors deems such enforcement necessary).

Section 2. Duties. It shall be the duty of the Board of Directors to do, in their discretion, as follows:

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

(c) As more fully provided in the Declaration as amended, to do as follows:



1. Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

2. Send written notice of each assessment to every Lot Owner subject thereto at least thirty (30) days in advance of each annual assessment period.

3. File a lien if the assessment is not paid within sixty (60) days.

4. When deemed necessary, may foreclose upon the lien after thirty (30) days but prior to ten (10) years from date of assessment.

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

(e) Enforce covenants as provided in the Declaration as amended when deemed necessary by a vote of a majority of the Directors. (This power of enforcement is in addition to the powers of the enforcement of any individual Lot Owner.)

(f) In the event of common areas, procure and maintain adequate liability and hazard insurance on property owned by the Association. Procure and maintain adequate liability insurance for the Directors of the Board of Directors.

(g) Maintain any common areas.

(h) Perform any and all other functions which are necessary for maintenance and continuance of the Association.

ARTICLE VIII

Officers and Their Duties

Section 1. Enumeration of Officers. The officers of this Association shall be a President, Vice-President, Secretary, and Treasurer, who shall at all times be members of the Board of Directors, 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 Directors 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 the officer sooner resigns, or shall be removed, or otherwise is disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

⚠ Section 5. Resignation and Removal. Any officer appointed pursuant to Section 4 of this Article may be removed from office with or without cause by the Board. Any officer may resign at any time 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 by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer who is replaced.

⚠ Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall ~~simultaneous~~ simultaneously hold more than one of any of the other offices, except prior to the first annual meeting and 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 Directors; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments and co-sign all checks and promissory notes in excess of Fifty Dollars (\$50.00).

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(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 Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual



audit of the Association books to be made by a public accountant whenever requested by the Board or by one-quarter (1/4) of the voting members; and prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

Committees

The Board of Directors shall appoint such committees as it deems appropriate in carrying out its purpose.

ARTICLE X

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 Bylaws of the Association shall be available for inspection by any member at the residence of the Secretary of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

Assessments

As more fully provided in the Declaration and its amendments, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of Twelve Percent (12%) per annum or the highest rate provided by law, whichever is lower, and the Association may bring an action at law against the Lot Owner personally obligated to pay the same and/or foreclose the lien against the property as provided for in the Declaration, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment including those for appeals. No owner may waive or otherwise escape liability for the assessments provided for hereby nonuse or abandonment of the Lot.



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ARTICLE XII

Amendments

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in persons, by mail, or

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by written proxy. ~~Each Lot shall have two votes, but each condominium unit or patio house shall be entitled to one vote.~~

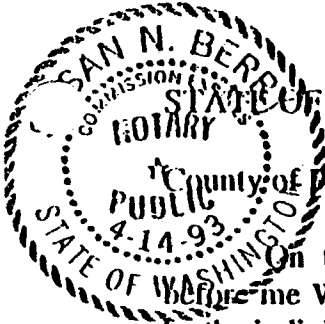
Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII

Indemnification of Directors and Officers

Section 1. Right of Indemnification. Each person who was or is made a party to or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, shall be indemnified and held harmless by the Association if that person is or was a Director or officer of the Association. Likewise, a person shall be indemnified if, being or having been such a Director or officer, she or he is or was serving at the request of the Association as a Director, officer, employee or agent of another Association or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans. The person shall be indemnified whether the basis of a proceeding is an alleged action in an official capacity as a Director, officer, employee or agent or in any other capacity while service as a Director, officer, employee or agent or in any other capacity. The Association shall indemnify and hold harmless to the full extent permitted by applicable law as then in effect, against all expenses, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA, excise taxes, or penalties and amounts to be paid in settlement) actually reasonably incurred or suffered by such person in connection therewith. Such indemnification shall continue as to a person who has ceased to be a Director, officer, employee, or agent and shall inure to the benefit of that person's heirs, executors, and administrators. However, no person shall be released from liability or indemnified (i) for acts or omissions which involve intentional misconduct by the Director or a known violation of law by the Director, or (ii) for any transaction from which the Director will personally receive a benefit in money, property or services to which the Director is not legally entitled. Further, no indemnification shall be provided under this Article to any such person if the Association is prohibited by the non-exclusive provisions of the Washington Business Corporation Act or other applicable law as is then in effect from paying such indemnification. The right to indemnification conferred in this section shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding in advance of its final disposition; provides, however, that the payment of such expenses in advance of the final disposition of the proceeding shall be made to or on behalf of Director or officer only upon delivery to the Association of an undertaking, by or on behalf of such Director or officer, to repay all amounts so advanced if it shall ultimately be determined that such Director or officer is not entitled to be indemnified under this Article or otherwise, which undertaking may be unsecured and may be accepted without reference to financial ability to make repayment.





STATE OF WASHINGTON)
: ss
County of Pierce)

On this 26th day of February, 1992, personally appeared before me WILLIAM T. OSTRUSKE and THOMAS R. STURGEON, to me known to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the purposes therein mentioned.

GIVEN under my hand and official seal the day and year first above written.

Susan N. Berry
Notary Public in and for the State of Washington,
Residing at 919 N. Harbor
My Commission Expires: 4-14-93

STATE OF WASHINGTON)
: ss
County of Pierce)

On this 24th day of February, 1992, personally appeared before me JEROME E. MYLET, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the purposes therein mentioned.

GIVEN under my hand and official seal the day and year first above written.

Dail A. Johnson
Notary Public in and for the State of Washington,
Residing at Pierce County
My Commission Expires: 6-28-95

