

BYLAWS
OF
COBBLESTONE NW
HOMEOWNERS ASSOCIATION

As amended 12/8/2013 by Board Resolution

ARTICLE 1

NAME, MEMBERSHIP, DEFINITIONS

1.1 NAME. The name of the Association shall be Cobblestone NW Homeowners Association ("Association").

1.2 MEMBERSHIP. The Association shall have one (1) class of membership, as is more fully set forth in that Declaration of Covenants, Conditions, Easements and Restrictions for the Plat of Cobblestone as amended from time to time ("Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

1.3 DEFINITIONS. The words used in these Bylaws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

ARTICLE 2

ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

2.1 TIME AND PLACE OF MEETINGS. A meeting of the Association shall take place at least once each year. Meetings shall be held at the principal office of the Association or at such other suitable place and time convenient to the members as may be designated by the Board of Directors. Notice of any required annual or special meeting shall be provided as set forth in Section 2.3 below.

2.2 SPECIAL MEETINGS. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed by at least ten percent (10%) of the owners. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

2.3 NOTICE OF MEETINGS. The Secretary shall mail or cause to be delivered to the Owner of each Lot (as shown in the records of the Association) a notice of each annual or special meeting of the Association stating the time and place where it is to be held and the purpose thereof. If an Owner wishes notice to be given at an address other than the Lot, the Owner shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than fourteen (14) nor more than sixty (60) days before a meeting.

2.4 WAIVER OF NOTICE. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

2.5 ADJOURNMENT OF MEETINGS. If any meetings of the Association cannot be held because a quorum is not present, a majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally may be transacted without further notice.

2.6 VOTING. The voting rights of the members shall be as set forth in the Articles of Incorporation and the Declaration, and such voting rights are specifically incorporated herein.

2.7 PROXIES. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of such member's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

2.8 QUORUM. The presence, in person or by proxy, of twenty-five percent (25%) of the Owners shall constitute a quorum at meetings of the Association. The members present at a duly called meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of members leaving less than a quorum.

ARTICLE 3

BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

3.1 GOVERNING BODY; COMPOSITION. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 3.2 of this Article, the directors must reside in Cobblestone and must be members of the Association.

3.2 DIRECTORS APPOINTED BY DECLARANT. Declarant shall have the right to appoint or remove any member of the Board of Directors or any officer or officers of the Association until termination of the Development period. Each Owner, by acceptance of a deed to or other conveyance of a Lot, vests in Declarant such authority to appoint and remove directors and officers of the Association. The directors selected by the Declarant need not be Owners or residents in Cobblestone.

3.3 NUMBER OF DIRECTORS. The Board shall consist of five (5) members, elected by the Owners as provided in Section 3.5 of this Article 3 or appointed by the Directors per Section 3.7 of this Article 3; provided, however that the number may be increased or decreased by an amendment to these Bylaws.

3.4 NOMINATION OF DIRECTORS. Elected directors shall be nominated from the floor and may also be nominated by a nominating committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

3.5 ELECTION AND TERM OF OFFICE. At annual meetings of the membership, directors shall be elected. All eligible members of the Association shall vote on all directors to be elected, and the candidate(s) receiving the most votes shall be elected.

The terms of the directors shall be two years, with election of two directors one year and three directors in the next, thus repeating to prevent the turnover of all directors at once. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

3.6 REMOVAL OF DIRECTORS. At any regular or special meeting of the Association duly called, any one (1) or more of the members of the Board of Directors may be removed, with or without cause, by a majority of the Total Association Vote and a successor may then and there be elected to fill the vacancy thus created. A director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting

and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive unexcused absences from the Board meetings or who is delinquent in the payment of an assessment for more than thirty (30) days may be removed by majority vote of the remaining directors at a meeting. This Section shall not apply to directors appointed by Declarant.

3.7 VACANCIES. Vacancies in the Board of Directors caused by any reason, excluding the removal of a director by vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. Each director so selected shall serve the unexpired portion of the term.

3.8 ORGANIZATION MEETINGS. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

3.9 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular meeting schedule shall constitute sufficient notice of such meetings.

3.10 SPECIAL MEETINGS. Special meetings of the Board of Directors shall be held when requested by the President, Vice President or by any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first-class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the director; (d) by facsimile to the director's home or office; or (e) by commercial delivery service to the director's home or office. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or facsimile shall be given at least forty-eight (48) hours before the time set for the meeting.

3.11 WAIVER OF NOTICE. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the

purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.12 QUORUM OF THE BOARD OF DIRECTORS. At all meetings of the Board of Directors, a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors.

3.13 COMPENSATION. No director shall receive any compensation from the Association for acting as such.

3.14 OPEN MEETINGS. Except as otherwise permitted by law, all meetings of the Board shall be open for observation to all members and their authorized agents. The Board shall keep minutes of all actions taken by the Board, which shall be available to all members.

3.15 EXECUTIVE SESSION. Upon affirmative vote in open meeting to assemble in closed session, the Board may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving the possibility of liability of an Owner to the Association. The motion shall state specifically the purpose of the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict the consideration of matters during the closed portions of the meeting only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board, following the closed session, reconvenes an open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. The requirements of this subsections shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

3.16 ACTION WITHOUT A FORMAL MEETING. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action to be take, shall be signed by all of the directors.

3.17 TELEPHONIC PARTICIPATION. One (1) or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment, and those directors so participating shall be deemed present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

3.18 POWERS. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers ad duties necessary for

the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these Bylaws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;

(b) making assessments to defray the common expenses and establishing the means and methods of collecting such assessments;

(c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(k) contracting with any person for the performance of various duties and functions.

3.19 MANAGEMENT AGENT. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party, without cause and without penalty, upon ninety (90) days' written notice.

3.20 BORROWING. The Board of Directors shall have the power to borrow money without the approval of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, or the total amount of such borrowing exceeds or would exceed Five Thousand Dollars (\$5,000.00) outstanding debt at any one time.

3.21 FINING PROCEDURE The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Notice. Written notice shall be served upon the violator specifying:

(i) the nature of the violation and the fine imposed;

(ii) That the violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine imposed;

(iii) The name, address and telephone numbers of a person to contact to challenge the fine;

(iv) that any statements, evidence, and witnesses may be procured by the violator at the hearing; and

(v) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(b) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

ARTICLE 4

OFFICERS

4.1 OFFICERS. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Any two (2) or more offices may be held by the same person excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

4.2 ELECTION, TERM OF OFFICE, AND VACANCIES. Except during the period in which the Declarant has the right to appoint the officers of the Association under Article 3, Section 3.2 of these Bylaws, the officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

4.3 REMOVAL. Any officer may be removed by the Board of Directors whenever, in their judgment, the best interests of the Association will be served thereby.

4.4 PRESIDENT. The president shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Washington Nonprofit Corporation Act.

4.5 VICE PRESIDENT. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

4.6 SECRETARY. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Washington law.

4.7 TREASURER. The treasurer shall have the responsibility for the Associations' funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors.

4.8 RESIGNATION. Any officer may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect on the date of

the 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.

ARTICLE 5

COMMITTEES

Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE 6

MISCELLANEOUS

6.1 FISCAL YEAR. The fiscal year of the Association shall be the calendar year unless otherwise determined by resolution of the Board.

6.2 PARLIAMENTARY RULES. Robert's Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Washington law, the Articles of Incorporation, the Declaration, or these Bylaws.

6.3 CONFLICTS. If there are conflicts or other inconsistencies between the provisions of Washington law, the Articles of Incorporation, the Declaration and these Bylaws, the provisions of Washington law, the Declaration, the Articles of Incorporation and the Bylaws (in that order) shall prevail.

6.4 AMENDMENT. These Bylaws may be amended by the Board of Directors (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict herewith; (b) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to the Lots subject to the Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser or mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Lots subject to the Declaration; or (d) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee Mortgage loans on the Lots subject to the Declaration. In addition, these Bylaws may be amended

upon the affirmative vote or written consent, or any combination thereof, of at least two-thirds (2/3) of the Owners.

CERTIFICATE OF ADOPTION

The undersigned, being the Secretary of COBBLESTONE NW HOMEOWNERS ASSOCIATION, hereby certifies that the foregoing is a true and correct copy of the Bylaws adopted by resolution of the Board of Directors of the Association on November 24, 2004.

COBBLESTONE NW
HOMEOWNERS ASSOCIATION

By: George Neffner
Its Secretary