

DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS  
FOR  
SAHALEE HILLS DIVISION 1

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THIS DECLARATION, made by the Developer, who is the owner of certain Properties situated in the State of Washington, County of King, described on Exhibit 1, hereto attached, hereby covenants, agrees and declares that all of said Properties and Housing Units constructed thereon are and will be held, sold and conveyed subject to the following covenants, conditions, restrictions, easements and reservations, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of said Properties for the benefit of all of said Properties and the owners thereof and their heirs, successors and assigns. These covenants, conditions, restrictions, easements and reservations shall run with the said Properties and shall be binding on all parties having or acquiring any right, title or interest in the Properties or any part thereof, and shall inure to the benefit of each owner thereof. Acceptance of an interest in a Lot shall be deemed acceptance of the terms and provisions of this Declaration.

The Developer is also the owner or may become the owner of certain real property which is adjacent to that described on Exhibit 1. Said adjacent real property, or a portion thereof, may be subjected to the terms and provisions of this Declaration of Covenants, Conditions and Restrictions at the option of the Developer as hereinafter provided.

ARTICLE ONE

Definitions

For purposes of the Declaration and the Articles and Bylaws of the Association certain words and phrases have particular meanings which are as follows:

1. "Association" shall mean the Sahalee Hills Homeowners Association, a Washington nonprofit corporation, its successors and assigns.
2. "Common Areas" shall mean those portions of the "Properties" owned or to be owned by the Association for the common use and enjoyment of Association Members.
3. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions.
4. "Developer" shall mean Westmark Development Company and/or Swanson-Dean Corporation, or a person or entity to which they assign their rights as Developer.
5. "Division 1" shall mean the real property described on Exhibit 1 hereto attached.

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6. "Housing Unit" shall mean the buildings occupying a Lot.

7. "Lot" shall initially mean those Lots shown on the plat of Division 1. At such time as additional adjacent real property may be subjected to the Declaration, "Lot" shall include those lots shown on and included in the plat of said additional real property.

8. "Member" shall mean every person or entity that holds a membership in the Association.

9. "Owner" shall mean the record owner of a Lot, whether one or more persons or entities, but excluding those having such interest merely as security. A real estate contract purchaser shall be deemed the Owner.

10. "Properties" shall initially mean the real property described on Exhibit 1 attached hereto. If additional adjacent real property is subjected to the Declaration, "Properties" shall mean the real property described in the plats of both Division 1 and the plat or plats of said additional adjacent real property.

## ARTICLE TWO

### Phase Development

Section One: Initially only Division 1 shall be subjected to the terms and provisions of the Declaration. Additional adjacent real property may, from time to time, at the option of the Developer, be subjected to the Declaration; provided, however, the total additional adjacent real property subjected to the Declaration shall not contain more than 240 Lots. The Developer hereby reserves for itself, its successors or assigns, the right to subject said additional adjacent real property to the terms and provisions of the Declaration, and to grant to the Owners of Lots located on said adjacent real property, after it is subjected to the Declaration, all of the rights and benefits to which Members of the Association are entitled. The Developer hereby reserves for itself, its successors or assigns, the right to develop said additional adjacent real property without subjecting it to the terms and provisions of the Declaration.

Section Two: Until said additional adjacent real property shall be subjected to the Declaration, said property shall not be subject to the terms and provisions of this Declaration. This Declaration shall not give the Association or any Lot Owners any rights in said adjacent real property until it is subjected to the Declaration. At such time as said adjacent real property shall be subjected to the terms and provisions of this Declaration, said adjacent real property shall become part of the Properties and Lot Owners shall automatically become Members of the Association and shall be entitled to all of the rights and benefits and subject to all of the obligations of Members of the Association.

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ARTICLE THREE

Management of Common Areas  
and Enforcement of Covenants, Conditions and Restrictions

Upon the recording with the King County Recorder of Developer's deed conveying the Common Areas to it, the Association shall have the sole authority and obligation to manage and administer the Common Areas and to enforce these covenants, conditions and restrictions. Such authority shall include all authority provided for in the Association's Articles, Bylaws, rules and regulations, as initially adopted, or as the same may hereafter be amended, and all the authority granted to the Association by this Declaration, either directly or by necessary implication.

ARTICLE FOUR

Transfer of Common Areas to Association

The Developer hereby agrees that it will construct on the Common Areas the swimming pool, bath house, tennis courts, picnic tables, landscaping and other development work substantially as shown on the attached Exhibit 2, and will, upon completion of such development, convey such Common Areas to the Association free and clear of any monetary encumbrance, but subject to utility and flood plain easements and the provisions of these covenants, conditions and restrictions.

ARTICLE FIVE

Membership

Every person or entity who is an Owner of any Lot, shall become a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. All Members shall have rights and duties as specified in this Declaration, and in the Articles and Bylaws of the Association.

ARTICLE SIX

Voting Rights

Members shall be entitled to one vote for each Lot owned. When more than one person or entity owns an interest in any Lot, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. The voting rights of any Member may be suspended as provided in the Declaration, or the Articles or Bylaws of the Association.

ARTICLE SEVEN

Property Rights in Common Areas

Every Member shall have a right, easement of enjoyment in and to, and an easement for ingress and egress over and upon the Common Areas owned by the

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Association which rights and easements shall be appurtenant to and shall pass with the title to every Lot, subject to the following restrictions:

- (a) The right of the Association to limit the number of guests of Members, and to adopt rules and regulations;
- (b) The right of the Association to exclusive use and management of said Common Areas for utilities such as pumps, pipes, wires, conduits, and other utility equipment, supplies and material;
- (c) The rights reserved to the Developer in the Declaration;
- (d) The other restrictions, limitations and reservations contained or provided for in the Declaration and the Articles and Bylaws of the Association.

#### ARTICLE EIGHT

##### Maintenance and Common Expenses

Section One: The Association shall maintain the Common Areas owned by it. All maintenance of Lots and Housing Units located thereon shall be the sole obligation of the Owner.

Section Two: Each Lot Owner hereby covenants and agrees to maintain his respective Lot and the Housing Unit located thereon in the same condition as a reasonably prudent homeowner would maintain his own home so that the entire Properties will reflect a high pride of ownership. If any Lot Owner shall fail to maintain his Lot or the Housing Unit located thereon in the same condition as a reasonably prudent homeowner, the Association shall have the right to notify said Lot Owner in writing of the maintenance required. If said maintenance shall not be performed within thirty (30) days of the date said notice is delivered to the non-performing Lot Owner, the Association shall have the right to provide such maintenance, and to levy an assessment against the non-performing Lot Owner and his Lot for the cost of providing said maintenance. Said assessment shall constitute a lien against the Lot owned by the non-performing Lot Owner and may be collected in the same manner as any other monthly or special assessment and, if not paid within thirty (30) days after said assessment is levied, the Association shall have all remedies for collection as provided in Article Ten of the Declaration.

Section Three: Certain expenses shall be paid by the Association for the benefit of all Lot Owners and shall be referred to as Common Expenses. The Common Expenses shall be paid by the Association from funds collected from assessments paid by Lot Owners as hereinafter provided. The Common Expenses shall include, but shall not be limited to, the following:

- (a) The expense of maintaining the Common Areas;
- (b) The real property taxes upon the Common Areas;

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(c) The cost of maintaining all required insurance coverage on the Common Areas;

(d) The cost of any repairs or replacement of the Common Areas;

(e) Utility charges attributable to the Common Areas owned by the Association;

(f) The cost of operating the swimming pool and other recreational facilities;

(g) The cost of maintaining entrance improvements, including, but not limited to, signs, lights, fences, walls, plantings and landscaping; and

(h) Any other expense which shall be designated as a Common Expense in the Declaration or from time to time by the Association.

#### ARTICLE NINE

##### Assessments

Section One: Each Lot shall be subject to monthly assessments or charges and certain special assessments in an amount to be determined by the Association. Monthly assessments shall commence on the first day of the month following the date upon which the deed conveying the Common Areas to the Association is recorded, and shall thereafter be due and payable on the first day of each succeeding calendar month.

Section Two: The Board of Directors of the Association, shall determine the amount of monthly assessment necessary to pay Common Expenses. The amount of monthly assessment may be increased or decreased periodically as may be necessary from time to time to properly provide for payment of the Common Expenses. The amount of such monthly assessments shall be equal for all Lots subject to said monthly and special assessments; subject to the limitation on Developer-owned Lots set forth below:

The monthly assessment for Lots owned by Developer which do not have a completed residence thereon shall not exceed Ten Dollars (\$10) per month.

Section Three: The Association shall, upon written demand, furnish a certificate in writing, setting forth whether the assessment on a specified Lot has been paid. A reasonable charge may be made for the issuance of the certificate.

Section Four: In addition to the monthly assessments authorized above, the Association, by and through its Board of Directors, may levy, in any year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of facilities in the Common Areas, including the necessary fixtures and personal property related thereto; provided, however, Lots owned by the Developer which do not have a completed residence shall not be subject to special assessments and the Developer shall not be obligated to pay any special assessments.

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Section Five: At such time as additional Lots are subject to assessment by virtue of having been subjected to these covenants, conditions and restrictions, the monthly assessment for all Lots subject to assessment shall be reduced so as to reflect a proportional reduction based on the increased total Lots obligated to contribute to the Association budget.

ARTICLE TEN

Collection of Assessments, Enforcement of Declaration,  
Attorney's Fees and Costs

Section One: All assessments, together with interest thereon and cost of collection thereof, as herein provided, shall be a charge on the land and will be a continuing lien upon the Lot against which each such assessment is made. Said lien shall have all the incidents of a mortgage on real property. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due.

Section Two: If any assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from said date at the rate of twelve (12%) per cent per annum. Each Member hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Member personally for the collection of such assessments as a debt and to enforce lien rights of the Association by all methods for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage of real property, and such Member hereby expressly grants to the Association the power of sale in connection with such liens. The liens provided for in this section shall be in favor of the Association, and shall be for the benefit of the Association. The Association shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. In the event the Association employs an attorney to enforce said liens, or the collection of any amounts due, or to enforce compliance with or specific performance of the Articles or Bylaws of the Association, rules or regulations adopted by the Association, or the provisions of the Declaration, the prevailing party in said action shall be entitled to the award of reasonable attorney's fees and costs incurred.

Section Three: In the event any Member shall be in arrears in the payment of the assessments due or shall be in default of the performance of any of the terms of the Articles and Bylaws of the Association, the rules or regulations adopted by the Association, or the Declaration for a period of thirty (30) days, said Member's right to vote shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied. In addition, the Association shall have such other remedies against such delinquent Members as may be provided in the Articles, Bylaws, or Declaration.

ARTICLE ELEVEN

Building, Use and Architectural Restrictions

Section One: The Developer hereby reserves for itself, its successors and assigns, the right to exercise any and all powers and controls herein given to the Board of Directors or its authorized representative in this Article of the Declaration. Said reserved right shall automatically terminate when the Developer no longer owns any Lot, or at such earlier time as said reserved right is relinquished to the Board of Directors of the Association. Each Lot shall be subject to this reserved right in the Developer and each Owner shall take subject thereto.

Section Two: Except as to construction, alteration, or improvements performed by the Developer, no building, structure or other improvement shall be erected, placed, or altered on any Lot until the building plans, specifications and plot plan showing the nature, kind, shape, height, materials and location of such building, structure or other improvement have been submitted and approved in writing by the Board of Directors of the Association or its authorized representative. In like manner, no fences, hedges or walls shall be erected or altered and no exterior changes of any kind shall be made to any building including, but not limited to, exterior color changes, additions or alterations until such written approval shall have been obtained.

If the Board of Directors, or its authorized representative, shall fail to notify the Owner of its action for a period of thirty (30) days following the date of the submission of the required items to the Board of Directors, or its authorized representative, the Owner may proceed with the proposed work notwithstanding the lack of written approval by the Board of Directors or its authorized representative.

Section Three: No trailer, recreational vehicle, basement, tent, shack, garage, barn or other outbuilding or buildings or any structure of a temporary character erected or placed on the Properties shall at any time be used as living quarters except as hereinafter specifically authorized.

Section Four: No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to other Lot Owners.

Section Five: No animal, livestock or poultry of any kind shall be raised, bred, or kept on any Lot, except cats, dogs, birds or fish may be kept if they are not kept, bred or maintained for any commercial purpose, and they shall not be kept in numbers or under conditions reasonably objectionable in a closely built-up residential community. Animals shall not be allowed to roam loose outside the limits of any Lot on which they are kept.

Section Six: No sign of any kind shall be displayed to public view on any Lot, except upon written approval of the Board of Directors, its authorized representative, or Developer as herein provided.

Section Seven: The exterior of any building, structure or other improvement shall be completed within nine (9) months from the commencement of construction so as to present a finished appearance when viewed from any angle, and all construction materials and debris shall be removed and final grading shall be completed within

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said nine-month period. Landscaping shall be substantially completed within six (6) months of the date of first occupancy.

Section Eight: No unsightly conditions shall be permitted to exist on any Lot. Unsightly conditions shall include, without limitation, laundry hanging or exposed in view for drying; litter, trash, junk or other debris; inappropriate, broken, damaged or ugly furniture or plants; nondecorative gear, equipment, cans, bottles, ladders, trash barrels and other such items; and no awnings, air conditioning units or other projections shall be placed on the exterior walls of any Housing Unit unless prior written approval shall have been obtained as provided in the Declaration.

Section Nine: No radio or television antenna or transmitting tower shall be erected which exceeds 5 feet in height above the roof ridge line of a Housing Unit, no separate towers therefore shall be permitted except upon written approval of the Board of Directors or its authorized representative as hereinabove provided.

Section Ten: Except as hereinafter expressly provided, the Common Areas and/or streets located on the Properties shall not be used for the overnight parking of any vehicle other than private family automobiles and no boat, boat trailer, house trailer, camper, truck or other recreational vehicle or similar object, or any part thereof, shall be stored or permitted to remain on any Lot, or the Common Areas, or on any part of the Properties, unless the same is stored or placed in a garage.

Notwithstanding the foregoing, Lot Owners who have guests visiting them intending to stay in a camper, trailer, or other form of recreational vehicle, may secure written permission from the Board of Directors or its authorized representative, for said guests to park said vehicle upon the Lot owned by said Lot Owner or the public street adjacent to said Lot for a period of up to two weeks. Said privilege shall only exist, however, after the written permission has been obtained from the Board of Directors or its authorized representative.

The Board of Directors or its authorized representative shall give written notice of a violation to the Lot Owner or occupant and said Lot Owner or occupant shall have ten (10) days from the date of receipt of said written notice to take whatever actions are necessary to remedy said violation. If said Lot Owner shall not comply within said ten-day period, the Board of Directors or its authorized representative is hereby granted the right to remove at the expense of the owner thereof, any boats, trailers, campers, trucks, recreational vehicles, or similar items which are parked or stored in violation of the terms and provisions hereof. Said Lot Owners hereby grant to the Association an express easement for the purpose of going upon the Lots of said Lot Owners or public streets for the purpose of removing said boats, trailers, campers, trucks, recreational vehicles, or similar items which are parked or stored in violation of the terms and provisions hereof.

Section Eleven: In addition to other rights reserved to the Developer or its successors or assigns in the Declaration, the Developer hereby reserves for itself, its successors or assigns so long as it owns any Lot, the right to maintain upon the Properties such facilities as in the sole opinion of the Developer are required, convenient or incidental to the construction and sale of Housing Units or Lots, including a business office, storage area, construction yards, signs, model units and sales office.



ARTICLE TWELVE

Easements

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Section One: Each Lot and the Common Areas shall be subject to an easement for encroachments created by construction settling and overhangs. There is hereby created, granted and conveyed to any utility company which may provide services to the Properties, its successors and assigns, a non-exclusive easement over, under, upon and across the Properties for the purpose of the installation, operation, maintenance and repair of their respective facilities; provided, however, all said utility companies providing services to the Properties, their successors and assigns, shall give notice in writing three (3) days' prior to making any installation, performing any maintenance or making any repair of their respective facilities to the Association, which notice shall specify the nature and location of the work to be performed; provided further, said notice shall not be required for the making of emergency repairs. By virtue of this easement it shall be expressly permissible for the providing utility company to erect equipment on the Properties and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of Housing Units. This easement must be used in such manner as to minimize inconvenience to the Owners and damage to existing structures. Said utility companies shall, at their own expense, repair any damage and restore the Properties to as good a condition as they were prior to the performance of said work by said utility companies. Each Owner agrees not to place locks on structures enclosing utility meters or to in any manner interfere with the ability of utility representatives to have access to said meters at all times.

Section Two: There is no easement of view, light, or air expressed or implied from the terms and provisions of this Declaration over, upon or across any portion of the Properties.

ARTICLE THIRTEEN

Mortgagee Protection

Section One: As used in this Article Thirteen references to mortgage or mortgages shall be deemed to include deeds of trust.

Section Two: Notwithstanding and prevailing over any other provisions of this Declaration, the Association's Articles of Incorporation or Bylaws, or any rules, regulations or management agreements, the following provisions shall apply to and benefit each holder of a mortgage given for the purpose of obtaining funds for the construction or purchase of a Housing Unit on any Lot or the improvement of any Lot.

Section Three: The holder of a mortgage entitled to the protection hereof shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenant, restriction, regulation, rule, Association Article of Incorporation or Bylaw, or management agreement, except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money, except as hereinafter provided.

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Section Four: During the pendency of any proceeding to foreclose said mortgage, the holder of said mortgage or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of the mortgaged Lot, including but not limited to the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.

Section Five: At such time as said mortgagee shall become entitled to possession of the Lot, said mortgagee shall be subject to all of the terms and conditions of the Declaration, and the Articles, Bylaws, rules and regulations of the Association, including but not limited to the obligation to pay for all assessments and charges accruing thereafter, in the same manner as any Owner; provided, however, said mortgagee shall acquire the title to said Lot free and clear of any lien authorized by or arising out of any provisions of the Declaration which secure the payment of any assessment for charges accrued prior to the date said mortgagee became entitled to possession of the Lot.

Section Six: If it is deemed necessary by the Association, any unpaid assessment against a Housing Unit foreclosed against may be treated as a common expense of other Lots. Any such unpaid assessment shall continue to exist as a personal obligation of the defaulting Owner of the respective Lot to the Association.

#### ARTICLE FOURTEEN

##### Management Contracts

Each Member hereby agrees that the Association may enter into such agreements for the performance of any or all of the functions of the Association with such persons or entities as the Association shall deem fit and proper in its judgment and discretion; provided, however, any agreement for professional management of the Properties, or any other contract providing for services by the Developer, sponsor or builder, must provide for termination by either party without cause or payment of a termination fee on ninety (90) days, or less, written notice and the maximum contract term shall be three (3) years.

#### ARTICLE FIFTEEN

##### Insurance

Section One: The Association shall have authority to and shall obtain insurance for the Common Areas against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement in the event of damage or destruction. It shall also obtain a broad form public liability policy covering the Common Areas with limits of not less than \$200,000/\$500,000. All such insurance coverage shall be written in the name of the Association as trustee for each of the Members of the Association. Costs of insurance shall be a common expense.

Section Two: In the event of the damage or destruction of the Properties covered by insurance written in the name of the Association, the Association shall upon receipt of the insurance proceeds, contract to rebuild or repair such

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damaged or destroyed portions of the Properties to as good a condition as they were when the loss occurred. The Association may contract with any licensed contractor for reconstruction or rebuilding of such destroyed portions of the Properties.

ARTICLE SIXTEEN

Rules and Regulations

The Association and/or its Board of Directors is hereby authorized and empowered to adopt rules and regulations governing the use of the Properties and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof. All Lot Owners shall be given written notice of said rules and regulations and said rules and regulations shall be posted in a conspicuous place on the Common Areas.

ARTICLE SEVENTEEN

Remedies and Waiver

Section One: The remedies provided herein for collection of any assessment or other charge or claim against any Member, for and on behalf of the Association, or Developer, are in addition to, and not in limitation of, any other remedies provided by law.

Section Two: The failure of the Association or the Developer or of any of their duly authorized agents or any of the Owners to insist in any one or more instances upon the strict performance of or compliance with the Declaration or any of the Articles, Bylaws or rules or regulations of the Association, or to exercise any right or option contained therein, or to serve any notice or to institute any action or summary proceedings, shall not be construed as a waiver or relinquishment of such right for the future, but such right to enforce any of the provisions of the Declaration or of the Articles, Bylaws or rules or regulations of the Association shall continue and remain in full force and effect. No waiver of any provision of the Declaration or of the Articles, Bylaws, rules or regulations of the Association shall be deemed to have been made, either expressly or impliedly, unless such waiver shall be in writing and signed by the Board of Directors of the Association pursuant to authority contained in a resolution of said Board of Directors.

ARTICLE EIGHTEEN

Benefits and Burdens Run with the Land

The covenants, restrictions, reservations and conditions contained herein shall run with the land and shall be binding upon the Properties and each portion thereof and all persons owning, purchasing, leasing, subleasing or occupying any Lot on the Properties, and upon their respective heirs, successors and assigns. After the date on which the Declaration has been recorded, these covenants, restrictions, reservations and conditions may be enforced by the Association or Developer which shall have the right to enforce the same and expend Association monies in pursuance thereof, and also may be enforced by the Owner of any Lot.

ARTICLE THIRTEEN

Federal Home Loan Mortgage Corporation (FHLMC) Protection  
and Federal National Mortgage Association (FNMA) Protection

The following provisions are included to assure compliance with the FHLMC and/or FNMA rules, regulation and warranty requirements.

Section One: A first mortgagee, upon request, shall be entitled to written notification from the Association, or the Board of Directors thereof, of any default in the performance by an Owner of any obligation under the PUD constituent documents which is not cured within sixty (60) days.

Section Two: Unless all first mortgagees or purchasers of first mortgages shall have given their prior written approval, the Association shall not be entitled to:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association for the benefit of Lot Owners; provided, however, the granting of easements for public utilities or for other public purposes consistent with the intended use of the Properties shall not be deemed a transfer within the meaning of this clause;

(b) change the method of determining the obligations, assessments, dues or other charges which may be levied against Lots and Lot Owners;

(c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Housing Units, the exterior maintenance of Housing Units, the maintenance of party walls, common fences and driveways or the upkeep of lawns and plantings on the Properties;

(d) fail to maintain fire and extended coverage on insurable portions of the Common Areas on a current replacement cost basis in an amount not less than one hundred (100%) per cent of insurable value based on current replacement cost;

(e) use hazard insurance proceeds for losses to any of the Common Areas for other than the repair, replacement or reconstruction of improvements located thereon;

(f) alienate all or any portion of the Common Areas;

(g) amend the Declaration to change the ratio of assessments against Lot or Housing Unit Owners.

Section Three: First mortgagees or purchasers of first mortgages on Housing Units may, jointly or singly, pay taxes or other charges which are in default and which may have or become a charge against any Common Areas and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance

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coverage on the lapse of a policy, for the Common Areas and first mortgagees or the purchasers of first mortgages making such payments shall be owed immediate reimbursement therefor from the Association.

Section Four: In the event all or any portion of the Common Areas are acquired by condemnation or under threat of condemnation, the condemnation award shall be utilized by the Association to acquire, to the extent possible, comparable replacement facilities. In the event the Association is unable to obtain comparable replacement facilities within a period of nine (9) months from the date the Association received the condemnation award or monies paid to the Association under threat of condemnation, the Association shall pay jointly to any Lot Owner and the mortgagee holding the mortgage on said Lot, if any, a pro rata share of said condemnation award or monies received attributable to said Lot. The pro rata share of said condemnation award or monies received shall be determined by dividing the total amount of the condemnation award or monies received by the total number of Lots. The resulting sum shall be the pro rata share attributable to each Lot and the Owners and mortgagees thereof.

Section Five: First mortgagees shall have the right to examine the books and records of the Association, or any successor thereto, which owns all or any portion of the Common Areas.

Section Six: As used in this Article Nineteen of the Declaration, the term mortgage shall include deed of trust, mortgagee shall include beneficiary of a deed of trust, and mortgagor shall include grantor of a deed of trust.

#### ARTICLE TWENTY

##### Reservation of Right to Amend to Comply with FHLMC or FNMA Requirements

The Developer hereby reserves the right to amend the Declaration from time to time as may be necessary to comply with FHLMC or FNMA regulations or requirements or if such amendment is necessary to enable the holders of first mortgages or deeds of trust to sell said first mortgages or deeds of trust to FHLMC or FNMA, or if such amendment is necessary to secure funds or financing provided by, through or in conjunction with FHLMC or FNMA. Said reserved right to amend the Declaration shall exist so long as the Developer retains the ownership of any Lot.

If the Developer, at its option, determines that it is necessary to so amend the Declaration, the Developer, on behalf of all Lot Owners, is hereby authorized to execute and to have recorded said required amendment or amendments. All Lot Owners hereby grant to the Developer a full and complete power of attorney to take any and all actions necessary to effectuate and record said amendment or amendments and agree that said amendment or amendments shall be binding upon their respective Properties and them and their respective heirs, personal representatives, successors and assigns to the same extent as if they had personally executed said amendment or amendments. All Lot Owners hereby acknowledge and agree that the power of attorney herein granted shall be deemed coupled with an interest and shall be irrevocable.

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The terms and provisions of this Article of the Declaration shall control over any inconsistent provision contained in Article Twenty-One, Section Six, of the Declaration.

ARTICLE TWENTY-ONE

General Provisions

Section One: The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section Two: The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections hereof shall not affect the remaining portions of this Declaration or any part thereof, all of which are inserted conditionally on their being held valid in law and in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein should be invalid, this Declaration shall be construed as if such invalid phrase, sentence, clause, paragraph, or section had not been inserted.

Section Three: These covenants, restrictions, reservations and conditions shall remain in full force and effect for a period of twenty (20) years from the date hereof. Thereafter, they shall be deemed to have been renewed for successive terms of ten (10) years, unless revoked or amended as hereinabove provided.

Section Four: In the event that any provision or provisions of this Declaration violate the rule against perpetuities, such provision or provisions shall be construed as being void and of no effect as of twenty-one (21) years after the death of the last surviving incorporator of the Association, or twenty-one (21) years after the death of the last survivor of all of the said incorporators' children and grandchildren who shall be living at the time this instrument is executed, whichever is later.

Section Five: In the event the Association employs an attorney to enforce any provision of the Declaration, the Articles or Bylaws of the Association, or rules and regulations adopted by the Association, the prevailing party in said action shall be entitled to the award of reasonable attorney's fees and costs incurred in said action.

Section Six: Except as provided in Article Twenty of the Declaration, the Declaration may be amended by an instrument executed by the President and Secretary of the Association for and on behalf of the Lot Owners. The Association is hereby authorized to record or to cause to be recorded said instrument. The Association shall only be authorized to execute and record said amendment on behalf of Lot Owners after said amendment shall be approved by a vote of the Lot Owners having seventy-five (75%) per cent of the total votes. Votes shall be cast by written ballot either in person or by proxy at a meeting duly called for such purpose, written notice of which shall be sent to all Lot Owners not less than ten (10) days nor more than fifty (50) days in advance of said meeting.

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All Lot Owners may also vote by executing a document in writing consenting to the said amendment which written consent may be submitted either prior to or within one hundred twenty (120) days following the date of said meeting.

All Lot Owners hereby grant to the Association a full and complete power of attorney to take any and all actions necessary to effectuate and record said amendment and agree that said amendment when authorized and recorded as provided in this Article shall be binding upon their property and them and their respective heirs, personal representatives, successors and assigns to the same extent as if they had personally executed said amendment. All Lot Owners hereby acknowledge and agree that the power of attorney herein granted shall be deemed coupled with an interest and shall be irrevocable.

Section Seven: Any notice required by the Declaration or the Articles or Bylaws of the Association or the rules and regulations adopted by the Association shall be deemed properly given if mailed by ordinary mail to the last address furnished to the Developer or the Association, and said notices shall be deemed given when deposited in a United States Post Office.

DATED this 7th day of May, 1979.

WESTMARK DEVELOPMENT COMPANY

By P. Edward Dean, Jr.  
P. Edward Dean, Jr., President

The undersigned hereby consent to and join in the foregoing Declaration of Covenants, Conditions and Restrictions for Sahalee Hills Division 1.

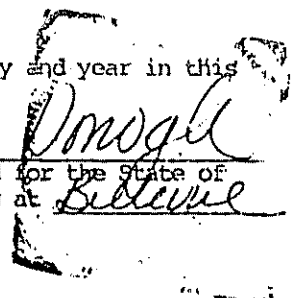
GREAT WESTERN UNION FEDERAL SAVINGS & LOAN ASSOCIATION

By Robert T. Curtis  
Robert T. Curtis, its Senior Vice President

STATE OF WASHINGTON )  
 ) SS.  
COUNTY OF KING )

On this 7th day of May, 1979, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared P. Edward Dean, Jr., President of Westmark Development Company, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

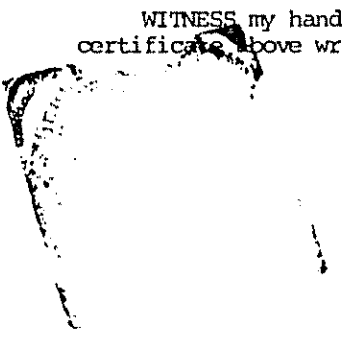
  
Marilyn Donogh  
Notary Public in and for the State of  
Washington, residing at Bellevue

STATE OF WASHINGTON )  
                          ) SS.  
COUNTY OF KING )

7905151185

On this 7th day of May, 1979, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert T. Curtis, Sr. Vice President of Great Western Union Federal Savings & Loan Association, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

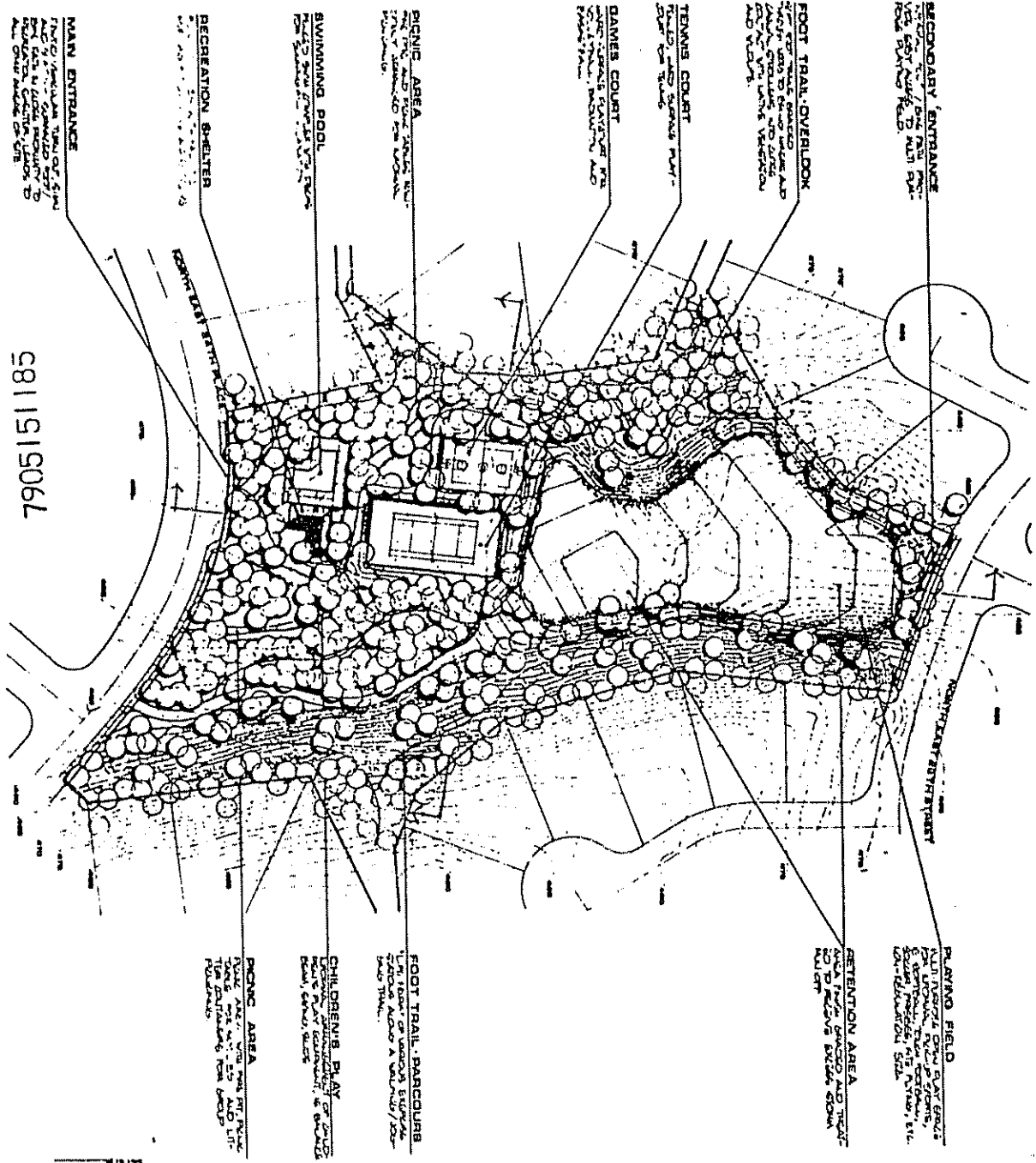
WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

  
George E. Spring  
Notary Public in and for the State of  
Washington, residing at Seattle

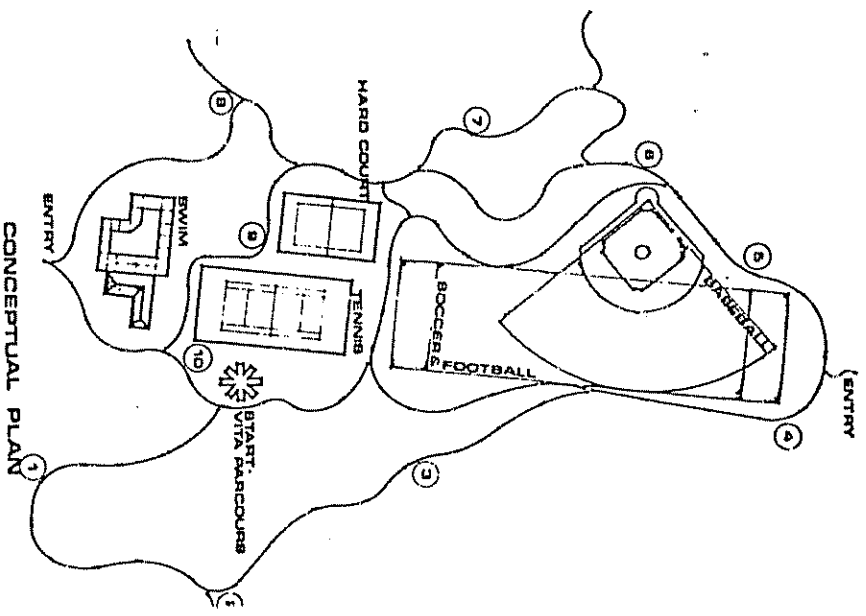


7905151185

All real property included in the Plat of Sahalee Hills  
Division 1, which plat is recorded in Volume 108 of Plats,  
pages 86 through 96, inclusive, records of King County,  
Washington.



7905151185



**SAHAI HILL PARK**



FILED FOR RECORD AT Request of  
Sahalee Water Co. (RWS)  
Address Book of Sahalee Water Co.  
Sahalee Hills Division I

AMENDMENT NO. 1

TO

RECORDED  
DEC 14 3 55 PM '81  
SNOOK

DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS  
FOR  
SAHALEE HILLS DIVISION I

8112140623

THIS AMENDMENT is made this 14th day of December, 1981 by WESTMARK DEVELOPMENT COMPANY (the "Developer"), in accordance with the Declaration of Covenants, Conditions and Restrictions recorded on May 15, 1979 under King County Auditor's No. 7905151185 (the "Declaration"). The Declaration is hereby amended to provide that wherever the name Sahalee Hills Homeowners Association is used, it shall mean its successor, the Heritage Hills Homeowners Association. The Declaration is further amended to change the name of the first division of the project to Heritage Hills Division I. The Declaration is further amended to include Heritage Hills Division II as follows:

HERITAGE HILLS DIVISION II

Pursuant to Article Two of the Declaration, Heritage Hills Division II, legally described in Exhibit "A" attached hereto, is hereby subjected to the Declaration. The total additional adjacent real property hereby subjected to the Declaration equals 90 lots. The Declaration and the covenants, conditions and restrictions contained therein are fully binding on Owners of Lots located on said adjacent real property and said Lot Owners shall be members of and be entitled to all rights and benefits of the Heritage Hills Homeowners Association.

The Declaration is hereby further amended to add the following new section to Article Eight thereof:

ARTICLE EIGHT

Maintenance and Common Expenses

Section 4: Water service and street lighting service shall be furnished by Sahalee Water Co., or its successors and assigns, to all lots covered by this Declaration. All such lots shall benefit from street lighting service, directly or indirectly, and each lot

owner shall be required to pay street lighting monthly service charges. Unpaid charges for street lighting and for water service shall be a lien upon any lot or lots for which such charges remain unpaid for a period of fifteen (15) days from the date billed, provided notice of intent to file a lien shall be given to the lot owner at least ten (10) days prior to the filing of such lien with the King County Records and Elections Office.

WESTMARK DEVELOPMENT COMPANY

By Hugh J. Fitzgerald  
Its President

8112140623

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

On this 4 day of December 1981, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared MUCH A. ERIEGRAND to me known to be the President of WESTMARK DEVELOPMENT COMPANY, the corporation named in and which executed the foregoing instrument; and he acknowledged to me that he signed the same as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, being authorized so to do, and that the corporate seal affixed thereto is the seal of said corporation.

WITNESS my hand and official seal the day and year in this certificate above written.

Louise G. McEvilly  
Notary Public in and for the State  
of Washington, residing at POCKLAWD

NOV 21 REC'D

THE BYLAWS  
OF  
THE HERITAGE HILLS HOMEOWNERS ASSOCIATION  
ARTICLE I  
NAME AND LOCATION

The name of the Corporation is THE HERITAGE HILLS HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office, and meetings of the members and directors may be located at such places within the State of Washington, County of King, as may be designated by the Board of Directors.

ARTICLE II  
DEFINITIONS

**Section 1.** "Association" shall mean and refer to The Heritage Hills Homeowners Association, its successors and assigns.

**Section 2.** "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

**Section 3.** "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

**Section 4.** "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

**Section 5.** "Owner" shall mean and refer to the record owner, whether one of more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those who have such interest merely as security for the performance of an obligations.

**Section 6.** "Declarant" shall mean and refer to Westmark Development Company, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

**Section 7.** "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Sahalee Hills Division I recorded on May 15, 1979, under King County Recording No. 8112140623.

**Section 8.** "Member" shall mean every person or entity that is an Owner including the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for each Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

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**ARTICLE III  
MEETING OF MEMBERS**

**Section 1. ANNUAL MEETINGS.** The annual meetings of the Association shall be held during the month of September on a date selected by the Board of Directors at the hour of seven-thirty (7:30) o'clock, p.m. The Board of Directors shall not select a legal holiday for the annual meeting. The Board of Directors shall notify all members of record, of the date, time, and location of the annual meeting at least thirty (30) days in advance but not more than forty-five (45) days in advance, of such meeting.

**Section 2. SPECIAL MEETINGS.** Special Meetings of the members may be called at any time by the President or by the majority of the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all votes of the membership of the Association, or by the majority of those entitled to vote at an annual meeting.

**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 each member entitled to vote thereat, addressed to the member's address last appearing on the books of 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 the members entitled to cast, or of proxies entitled to cast, thirty percent of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, and reconvene the meeting at least one day later with one half (1/2) the previous number required for a quorum to constitute a new quorum for any action except as otherwise provided in this section.

**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. General proxies given to the Board of Directors will be cast toward the election of the Board of Directors only if the proxy includes the nominating committee's nomination for the election.

**ARTICLE IV  
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE.**

**Section 1. NUMBER.** The affairs of this Association shall be managed by a Board of five (5) Directors, who must be members of the Association.

**Section 2. TERMS OF OFFICE.** At the next annual meeting the members shall elect three directors for a term of two years and two directors for a term of one year. The next following year the members shall elect the two directors positions of the one year term to a two year term. All Directors shall be elected to two year terms from that point forward, serving staggered terms of two years each. The two directors receiving the least number of votes at the next annual meeting shall serve in the one year term of office, for that transition 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. 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.

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**Section 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.

**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 verbal approval of a majority of the directors, only in an emergency where time will not permit the meeting of the Board. Any action so approved shall have the same effect as though taken at a meeting of the directors, and shall be entered and recorded in the minutes of the next board meeting.

**ARTICLE V  
NOMINATION AND ELECTION OF THE DIRECTORS**

**Section 1. NOMINATIONS.** Nomination for election to the Board of Directors shall be made by the Nominating Committee or 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 at least thirty days prior to the annual meeting to serve to the close of such annual meeting. The Nominating Committee shall make nominations for election to the Board of Directors at least equal to the number of vacancies that are to be filled. Such nominations shall be made from among members of the Association.

**Section 2. ELECTION.** Election to the Board of Directors shall be by secret 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 VI  
MEETINGS OF DIRECTORS**

**Section 1. REGULAR MEETINGS.** Regular meetings 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 then (3) days' notice to each director, unless all directors unanimously waive the three day notice requirement.

**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 directors, after not less than three (3) days' notice to each director, unless all directors unanimously waive the three day notice requirement.

**Section 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 shall be regarded as the act of the Board.

**ARTICLE VII  
POWERS AND DUTIES OF THE BOARD OF DIRECTORS.**

**Section 1. POWERS.** The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

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(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) 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;

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

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties, as long as such expenses do not exceed one-sixth (1/6) of the annual association operating budget. The exception being the landscape maintenance contract.

**Section 2. Duties.** It shall be the duty of the Board of Directors to:

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot with no more than a twenty (20) percent increase per year with notice at least thirty (30) days in advance of such increase.

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

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

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

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

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(g) cause the Common Area to be maintained.

**ARTICLE VIII  
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 Directors, 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 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 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 AND REMOVAL.** Any officer 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, 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 he replaces.

**Section 7. MULTIPLE OFFICERS.** 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:

**President**

(a) The President shall preside at all meetings of the Board of Directors and Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes.

**Vice-President**

(b) The vice-president shall act in the place and stead of the president in the

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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.

**Secretary**

(c) The secretary shall record the votes and keep the minutes of all meetings 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; cause to serve notice of meetings of the Board and the members; cause to be kept appropriate current records showing the members of the Association together with their address; and shall perform such other duties as required by the Board.

**Treasurer**

(d) The treasurer shall at the direction of the Board of Directors cause to be received and deposited in appropriate bank accounts all monies of the Association and shall supervise the disbursement of such funds as directed by the Board of Directors; shall sign all checks and promissory notes of the Association; cause to be kept proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall cause to be prepared an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and cause to be delivered a copy of each to the members.

**ARTICLE IX  
COMMITTEES**

The association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed 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 principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE XI  
ASSESSMENTS**

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property 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 6 percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

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**ARTICLE XII**

The Association shall have a seal in circular form having within its circumference the words: The Heritage Hills Homeowners Association.

**ARTICLE XIII  
AMENDMENTS**

**Section 1.** These Bylaws may be amended, at a regular, special meeting, or by mail ballot of Fifty-one (51) percent or more of the membership.

**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 XIV  
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.

DATED: Nov. 19, 1991

*Amy Jones*  
*Frank Wilkowsky*  
Board of Directors

*Andrew D. ...*  
*...*  
*Anthony J. ...*

October 28, 1991 Revision

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