

BYLAWS
OF
LYLE RIDGE MAINTENANCE ASSOCIATION,
a non-profit corporation

ARTICLE I
NAME, LOCATION AND PRINCIPAL OFFICE

These are the Bylaws of the Lyle Ridge Maintenance Association (hereinafter "Association"). The principal office of the Association shall be the lot occupied by the President of the Association, or such other place as shall be designated by the Board of Directors.

ARTICLE II
PURPOSE

The Association was formed to operate, maintain, preserve, protect and improve the quality and character of the private roads, pathways, and trails, any common areas and any signs or other improvements constructed thereon within the Lyle Ridge, a residential development known as the Plat of Lyle Ridge located in Island County Washington (hereinafter "Lyle Ridge"), as described in the Articles of Incorporation of the Association filed with the Secretary of State of Washington on August __, 2007 ("Articles") for the benefit of the Members of the Lyle Ridge Maintenance Association, to preserve and arrange for the architectural control of the improvements constructed within Lyle Ridge, to administer and to enforce the provisions of a Declaration of Covenants, Conditions and Restrictions for Lyle Ridge which will be recorded with the Island County Auditor upon the approval of the Plat of Lyle Ridge by Island County (hereinafter "Declaration") and to do everything necessary, proper, advisable or convenient for the accomplishment of the purposes set forth in Articles, the Declaration and these Bylaws.

ARTICLE III
APPLICABILITY

All present and future Members shall be subject to the Articles, the Declaration, these Bylaws and the rules and regulations adopted pursuant to the Declaration and these Bylaws, which shall govern the conduct of the Association and its Members.

ARTICLE IV
USE OF FACILITIES

All private roads and any common areas and other properties (and any improvements or facilities constructed thereon), and all signs, stormwater control equipment and improvements and all other facilities located within Lyle Ridge that are reserved for the common use and benefit of the owners of the lots located within the Plat of Lyle Ridge (hereinafter individually "Owner" or "Member" or collectively "Owners" or "Members") shall be limited to use by the Members and their guests and subject to the restrictions in the Declaration. However, in the event that a Member shall lease or permit another to occupy his or her lot, the lessee(s) or occupant(s) shall be permitted to enjoy the use of the common areas subject to the same restrictions and limitations applicable to Members.

ARTICLE V
MEMBERSHIP AND VOTING RIGHTS

The Association shall have such membership qualifications and voting rights as provided in the Declaration. Only the owners of the lots within Lyle Ridge are allowed to be Members of the Association.

ARTICLE VI
MEMBERS

6.1 Quorum. The presence in person or by proxy of a majority of Members, based upon the number of votes each Member is entitled to cast at a meeting, shall constitute a quorum.

6.2 Vote Required to Transact Business. When a quorum is present at any membership meeting, a vote of at least fifty-one percent (51%) of the votes entitled to be cast at the meeting by the Members present at the meeting or represented by proxy shall decide any question brought before the meeting. Such vote shall be binding upon all Members, whether present at the meeting or not, unless the Declaration, the Articles of Incorporation, or an express provision of a statute requires a particular question to be decided by a different vote or a different body, in which case such express provisions shall govern and control the decision of such question.

6.3 Right to Vote. Members shall be entitled to vote either in person or by proxy at any membership meeting of the Association.

6.4 Proxies. All proxies shall be in writing and signed by the Member and the person to whom the power of vote is given. The proxies shall be filed with the Secretary prior to the meeting at which the proxy is to be used. A notation of such proxies shall be made in the minutes of the meeting at which they are used. Any proxy shall be valid only for the first meeting subsequent to the filing of the proxy. No proxy

shall be valid after eleven (11) months from the date of its filing, unless otherwise provided in the proxy.

6.5 Waiver and Consent. Meetings and votes of the membership may be dispensed with whenever the vote of the membership at a meeting is required or permitted by statute, the Declaration, the Articles of Incorporation, or these Bylaws, if all Members who would have been entitled to vote upon the action if such meeting were held, consent in writing to the action being taken.

6.6 Telephone Meetings. Members may participate in any membership meeting by means of a conference telephone or similar communications equipment in which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

6.7 Place of Meetings. The Board of Directors shall designate a suitable place convenient to the Members for membership meetings. The place of the meeting shall be specified in the notices of the meetings.

6.8 Annual Meetings. The Board of Directors shall fix the date for the annual meeting of the membership in accordance with the Declaration. A new Board of Directors shall be elected by the membership at the annual meeting. The Members may also transact other business that may properly come before the meeting.

6.9 Special Meetings. Special Membership Meetings may be called at any time by the President, a majority of the Board of Directors, or Members holding one-third of the total votes, upon ten (10) days prior written notice. Such notice shall specify the date, time and place of the meeting and in general the matters to be considered.

6.10 Notice of Meetings. The Secretary shall have the duty to personally deliver or mail a notice of each annual or special membership meeting to all Members. The notice shall state the purpose for the meeting and the place, day and hour of the meeting. The notice shall not be delivered less than ten (10) nor more than fifty (50) days before the meeting. Additional notice provisions, including waiver of notice, are provided in Article IX of these Bylaws.

6.11 Order of Business. The order of business at all membership meetings shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and approval of minutes of preceding meeting;
- (d) Report of committees (if any);

- (e) Election of Directors (in the event there is an election);
- (f) Report of Association expenses, itemizing receipts and disbursements for the preceding calendar year, the allocation thereof to each owner, and the estimated expenses for the current calendar year (in the case of Annual Meeting only);
- (g) Unfinished business;
- (h) New business;
- (i) Adjournment.

ARTICLE VII
BOARD OF DIRECTORS

7.1 **Powers.** The property and business affairs of the Association shall be managed by its Board of Directors. All powers shall be vested in and may be exercised by the Board of Directors, except those powers the Declaration, the Articles of Incorporation, these Bylaws or the laws of the State of Washington reserve or delegate to groups other than the Board. These powers of the Board shall specifically include, but are not limited to, the following items:

- (a) To determine and levy assessments payable in advance to cover the cost of operating and maintaining the private roads and any common areas, properties, signs, stormwater control equipment and improvements and any other facilities located within Lyle Ridge that are reserved for the common use and benefit of the owners of the lots within the Plat of Lyle Ridge. The Board of Directors may increase the assessments or vote a special assessment in excess of that amount, if required, in order to meet any additional necessary expenses;
- (b) To collect, use and expend the assessments collected to maintain, care for and preserve the private roads and any common areas, properties, signs, stormwater control equipment and improvements and any other facilities located within Lyle Ridge that are reserved or the common use and benefit of the lots within the Plat of Lyle Ridge and to enforce the Declaration, these Bylaws and other rules and regulations adopted by the Association;
- (c) To make repairs, restore or alter the private roads and any common areas, properties, signs, stormwater control equipment and improvements and any other facilities located within the Plat of Lyle Ridge that are reserved or the common use and benefit of the lots within the Plat of Lyle Ridge after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

- (d) To open bank accounts and borrow money on behalf of the Association and to designate the signatories to such bank accounts;
- (e) To collect delinquent assessments by suit or otherwise, to abate nuisances and violations of the Declaration, and to enjoin or seek damages from Members for violations of the Declaration, these Bylaws, or rules and regulations adopted pursuant to the Declaration or these Bylaws;
- (f) To make reasonable rules and regulations and to amend the same as needed from time to time and to suspend voting rights of Members after notice and meeting of the Members for a period not exceeding sixty (60) days for infractions of the adopted rules and regulations. Such rules and regulations and amendments shall be binding upon the Members when approved by the Board. Such approval shall be in writing and a copy of such rules and regulations shall be delivered to each Member. Such rules and regulations may, without limiting the foregoing, include reasonable limitations on the use of any private roads and any common areas, properties and facilities located within Lyle Ridge, by guests of the Members;
- (g) To employ workers, contractors and supervisory personnel, to purchase supplies and equipment, to enter into contracts to provide maintenance and other services and generally to have the normal powers of Directors in connection with the matters set forth herein;
- (h) To bring and defend actions by or against one or more existing or former Members, Directors, Officers, or agents, pertinent to the operations of the Association, the enforcement of the use restrictions and rules set forth in the Declaration, and to assess special assessments to pay the cost of such litigation;
- (i) To hire a managing agent to perform and exercise specific powers of the Board of Directors in the management of the affairs of the Association consistent with the Declaration, provided that the Board of Directors may not employ or contract for a managing agent or terminate any managing agent employed by the Association unless such decision is approved by a vote of fifty-one percent (51%) of the votes entitled to be cast at the meeting by the Members. Any agreement to employ a managing agent shall be terminable by the Association without cause upon thirty (30) days written notice, and the term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods;
- (j) To appoint members to vacancies on the Architectural Control Committee ("ACC") as authorized in of the Declaration.

- (k) To take any other action required or permitted by the Declaration;
- (l) To employ legal, accounting and such other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; and
- (m) To make additions or improvements to, or alterations of, the common areas, properties and facilities.

7.2 Number and Term. The number of Directors which shall constitute the whole Board shall be two (2) until such time as at least three (3) lots within the Plat of Lyle Ridge have been conveyed by the developer of Lyle Ridge to third parties, and thereafter, commencing with the date of the next Annual Meeting of the Association, the number of Directors shall be increased to three (3). The term of each Director of the Board shall be one (1) year or until his or her successor is elected and qualified. New Directors shall be elected by the Membership at the annual membership meeting.

7.3 Resignation. Any Director may resign at any time by giving written notice of such resignation to the Board of Directors.

7.4 Vacancies. Vacancies in the Board, including a vacancy created by an increase in the number of Directors made by the Board of Directors, shall be filled by vote of the Members; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the membership, or until notice of resignation is provided to the Board of Directors in accordance with the preceding paragraph.

7.5 Removal of Directors. Any one or more of the Directors may be removed, with or without cause, by a vote of fifty-one percent (51%) of the members entitled to vote at any regular meeting or at any special meeting called for that purpose. A successor may then and there be elected by the Membership to fill the vacancy thus created. Such successor shall only serve until the next annual meeting, or until notice of resignation is provided to the Board of Directors in accordance with section 7.3, above. Any Director whose removal has been so proposed by the Members shall be given an opportunity to be heard at the meeting.

7.6 Organizational Meeting. The first meeting of a newly elected Board shall be held immediately following the Annual Membership Meeting and no notice shall be necessary for the newly elected Directors to legally constitute such meeting.

7.7 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority vote of the Directors. At least one such meeting shall be held during each fiscal year as an organizational meeting to elect Officers and conduct other business. Notice of regular meetings of the Board shall be given to each Director in the manner specified in Article

IX at least three (3) days prior to the day named for such meeting. Regular Board meetings shall be open to attendance by any Association Member.

7.8 Special Meetings. Special meetings of the Board may be called by the President or any two (2) Directors on three (3) days notice to each Director. The notice shall be given in the manner specified in Article IX of these Bylaws.

7.9 Voting. Each Director shall possess one vote in matters coming before the Board. All voting at Board meetings shall be done by each member in person. Board members may not vote by proxy. If and when the Directors shall severally or collectively consent in writing to any action to be taken on behalf of the Association, such action shall be valid as if it had been authorized at a meeting of the Board of Directors.

7.10 Waiver of Notice. Any Director may, in writing, waive notice of any Board meeting before, at or after the meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7.11 Telephone Meetings. The Directors or any committee designated by the Board may participate in any meeting by means of a conference telephone or similar communications equipment in which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

7.12 Quorum. A majority of Directors present shall constitute a quorum for the transaction of business at all meetings of the Board. The acts of the majority of the Directors present at a meeting at which there is a quorum shall be the acts of the Board. If a quorum is not present at any meeting of the Board of Directors, the Directors present at the meeting may adjourn the meeting without notice other than an announcement at the meeting until a quorum is present.

7.13 Committees. The Board of Directors may, by general resolution, delegate such powers as it may see fit to committees of its own number or to the Offices of the Association; provided, that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of such committee or any Director or Officer of the Association; authorizing the sale, lease, or exchange of all or substantially all of the property and assets of the Association not in the ordinary course of business; or amending, altering or repealing any resolution of the Board of Directors.

7.14 Compensation. Directors and committee members shall not receive, directly or indirectly, any salary or compensation from the Association. Directors and committee members shall be reimbursed for the reasonable and necessary expenses incurred in the conduct of Association business.

7.15 Budget Approval. Within thirty (30) days after the adoption of any proposed budget for the Association, the Board shall provide a summary of the budget to all Members and shall set a date for a meeting of the Members to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the summary. In the event the proposed budget is rejected by the Members or the required notice is not given to the Members, the periodic budget last ratified by a Majority of the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

7.16 Open Meetings. All meetings of the Board of Directors shall be open to all Members.

7.17 Contracts with Third Parties. Notwithstanding any other provision of these Bylaws, any leases or contracts (including management contracts, service contracts and employment contracts) entered into by or on behalf of the Association shall be terminable by the Association without cause upon thirty (30) days written notice and the term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

ARTICLE VIII OFFICERS

8.1 Designation. The Officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer (or a Secretary/Treasurer), all of whom shall be elected by the Board from the members of the Board.

8.2 Election of Officers. The Officers shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any person may concurrently hold any two offices (and shall also concurrently be a Director), except that the same person may not concurrently hold the offices of President and Secretary/Treasurer.

8.3 Removal of Officers. Upon an affirmative vote of a majority of the Board, any Officer may be removed, with or without cause. His or her successor shall be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

8.4 Resignation. Any Officer may resign at any time by giving notice in writing to the Board of Directors. Unless otherwise specified, such written notice of such resignation shall take effect upon receipt of the notice by the Board or by any Officer.

8.5 Compensation. Officers shall not receive, directly or indirectly, any salary or compensation from the Association. Officers shall be reimbursed for the reasonable and necessary expenses incurred in the conduct of Association business.

8.6 Vacancies. In case any office becomes vacant by death, resignation, retirement, disqualification, or any other cause, the majority of the Directors then in office, although less than a quorum, may elect an Officer to fill such vacancy. The Officer so elected shall hold office and serve until the next organizational meeting of a new Board of Directors, and until the election and qualification of his or her successor, or until notice of resignation is provided to the Board of Directors in accordance with section 8.4 above.

8.7 President. The President shall be the chief executive Officer of the Association. He or she shall have all of the general powers and duties which are usually vested in the office of the President of an association. The President shall preside over meetings of the Board and meetings of the Members of the Association.

8.8 Vice-President. A Vice-President shall have all the powers and authority of the President in the absence or inability of the President and he or she must perform all of the functions and duties of the President in that case.

8.9 Secretary. The Secretary shall have charge of such books and papers as the Board of Directors may direct; and he or she shall in general perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up to date at the principal office of the Association the following:

- (a) Current Declaration
- (b) Current Articles of Incorporation
- (c) Current Bylaws
- (d) Current Rules and Regulations
- (e) A record of owner Members and tenants, including names, addresses, and phone numbers
- (f) A record of the person holding the right to vote each lot's interest in the Association
- (g) Adequate records of accounts and finances, including the current budget, balance sheet and statement of revenue and expenses
- (h) A record of the Directors' names, addresses, and phone numbers

- (i) Minutes of the proceedings of the Members and the Board, and any minutes which may be maintained by committees of the Board
- (j) All other documents, contracts, or records of the Association

8.10 Treasurer. The Treasurer shall have responsibility for the funds of the Association and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in the books of the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall also assist in the development of general and special assessments required to fund the budget of the Association.

ARTICLE IX NOTICES

9.1 Notices. Notice may be given by personal delivery or service whenever notice is required to be given to the Board of Directors or to any Director or Member under the provisions of the Declaration or of these Bylaws. If not given personally, such notice must be given in writing, by mail, by depositing the same in a post office or letter box in a post-paid sealed envelope, addressed to the Board of Directors, such Director, or Member, at such address as appears on the books of the Association, and notice given in this manner shall be deemed given twenty-four (24) hours after the date of the postmark.

9.2 Service of Notice - Waiver. A waiver of notice, if given at all, must be in writing, signed by the person or persons entitled to such notice whenever any notice is required to be given under the provisions of state law, the Declaration, or of these Bylaws. Such waiver shall be deemed to be the equivalent of notice.

ARTICLE X ASSESSMENT AND FINANCES

10.1 Creation of the Personal Obligation of Assessments. The general and special assessments authorized by the Declaration shall be the joint and several personal debts and obligations of the Members (e.g., owners or contract purchasers of the lots within the Plat of Lyle Ridge).

10.2 Description of Assessments. The assessments may be either annual or special, as specified in Article IV of the Declaration.

10.3 Purpose of Assessments. The purpose of the annual and special assessments shall be to acquire and pay for out of such funds all goods and services required for the proper functioning of the Association, to the end that the obligations and responsibilities of the Declaration are met, and the purposes of the Association fulfilled.

10.4 Assessment Commencement and Due Date. The date of commencement and due dates of assessments shall be fixed by resolution of the Board of Directors.

10.5 Effect of Non-Payment of Assessment; Remedies. The effect of non-payment of assessments and the remedies of the Association shall be as specified in Article IV of the Declaration and as otherwise provided by law.

10.6 Checks, Drafts or Orders. All checks, drafts or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Association shall be signed by the President and Secretary or Treasurer, if so authorized by resolution of the Board.

10.7 Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account." The operating portion of all annual and special assessments as fixed and determined for all Members in the Declaration or by the Board shall be deposited in such account. Disbursements from the account shall be for the general needs and operation and routine obligations of the Association.

10.8 Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out the purposes of the Association and to comply with the Declaration.

ARTICLE XI AMENDMENTS

These Bylaws may be altered, amended or appended at any duly called regular or special meeting of the Membership, provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment, and (2) that the amendment shall be approved by vote of at least two-thirds (2/3rds) of the votes entitled to be cast at the meeting. No amendment, however, shall affect or impair the validity or priority of the Members' interests and the interests of holders of a mortgage encumbering a Member's lot.

ARTICLE XII GENERAL PROVISIONS

12.1 Fiscal Year. The fiscal year of the Association shall end on December 31.

12.2 Accounting Basis. The accounting basis of the Association shall be accrual.

12.3 Examination of Books and Records. Each Member, or their respective representatives and mortgagees, shall be entitled to a reasonable examination of the books and records of the Association at any time upon reasonable notice to the Board of

Directors. The Declaration, and Bylaws, and any duly adopted rules and regulations of the Board shall be available for inspection by any Member or mortgagee at the principal office of the Association upon reasonable notice to the Board of Directors.

12.4 Indemnity and Personal Liability. The Board shall have power to fully indemnify, defend and hold harmless any existing or former Member, Director, Officer, employee or agent of the Association for any action he or she takes or liability to which he or she is exposed by reason of his or her relationship or connection with the Association. This power shall be full and complete as allowed by applicable Washington and Federal law. Unless acting in bad faith, neither the Board as a body, nor any Director, Officer, committee member or duly appointed managing agent of the Association shall be personally liable to any Member in any respect for any action or lack of action arising out of the execution of his or her office or position. Each Member shall be bound by the good faith actions of the Board, officers, committee members and duly appointed managing agent of the Association in the execution of the duties of such parties. Nothing contained in this section to the contrary shall serve to exculpate members of the Board of Directors, Officers, committee members, or the managing agent from their fiduciary responsibilities, or serve to contravene State or Federal law.

12.4 Severability. If any covenant, term or provision of these Bylaws shall, to any extent, be invalid or unenforceable, the remainder of these Bylaws other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

12.5 Inconsistency. In the event of any inconsistency between these Bylaws, the Declaration, any Articles of Incorporation of this Association, or the adopted rules and regulations, the Declaration shall first control, then the provisions of any Articles of Incorporation shall govern, and then the provisions in these Bylaws shall govern, and finally the provisions of the adopted rules and regulations shall govern; it being specifically understood that these Bylaws are subject to the Declaration and the Articles of Incorporation.

The undersigned President of Lyle Ridge Maintenance Association hereby certifies that the within Bylaws were duly adopted by the unanimous vote of the initial Directors as the Bylaws of the Association on the ____ day of August, 2007.

LYLE RIDGE MAINTENANCE ASSOCIATION

By: _____
Ronald E. Muzzall, President