

BY-LAWS
OF
TUSTIN RANCH HOMEOWNER'S ASSOCIATION

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ARTICLE I

Name and Location

The name of the corporation is TUSTIN RANCH HOMEOWNER'S ASSOCIATION, hereinafter referred to as the "Association". The physical location of the corporation shall be located at 5128 Military Road East, Tacoma, WA 98446. The mailing address is 5128 Military Road East, Tacoma, WA 98446. The location of the meetings of the members and directors will be designated by the Board of Directors.

ARTICLE II

Definitions

Section 1. "Association" shall mean and refer to the TUSTIN RANCH HOMEOWNER'S ASSOCIATION, a Washington nonprofit corporation, its successors and assigns.

Section 2. "Owner" shall mean the record owner to any lot or lots in Tustin Ranch, including contract purchasers, but excluding those having such interests merely as security for the performance of an obligation. An owner shall include any person who holds record title to a parcel in joint ownership with any other person or holds an undivided fee interest in any parcel.

Section 3. "Common area" shall mean those parcels of real property and improvements over which easements have been granted for the benefit of the lot owners, or owned by the Association, or as the same are particularly described in the Declaration of Covenants, Conditions, and Restrictions of Tustin Ranch and that are intended for the common use and enjoyment of the owners.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions of Tustin Ranch as recorded with the Pierce County Auditor, in Pierce County, Washington under Auditor's Fee No. _____.

Section 5. "Parcel" or "Lot" shall mean any one lot of Tustin Ranch, excluding common areas.

Section 6. "Member" shall mean any person holding a membership in the TUSTIN RANCH HOMEOWNER'S ASSOCIATION pursuant to the Declaration.

ARTICLE III

Management

The business and property of the Association shall be managed by a Board of Directors.

ARTICLE IV

Meeting of Members

Section 1: Annual Meetings. Annual Meetings of the Members shall be held at least once a year as determined by the board at such place and hour as may be fixed from time to time by resolution of the board.

Section 2: Special Meetings. Special meetings of the Members may be called anytime by the President or by the Board of Directors or upon written request of Members who are entitled to vote one fourth of all of the votes.

Section 3: Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least two weeks before each meeting to each member entitled to vote there at, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and in the case of a special meeting, the purpose of the meeting.

Section 4: Quorum. The presence at the meeting of Members or proxies entitled to cast, twenty percent (20%) of all the votes of the membership shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5: Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6: Members. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

Section 7: Voting Rights. The Association shall have one class of voting membership comprised of all Owners who 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 such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE V

Board of Directors: Selection, Term of Office

Section 1: Number. At the first annual meeting, the Members shall elect one Director for a term of three years, one Director for a term of two years, and one Director for a term of one year. Thereafter at each annual meeting, the Members shall elect one Director for a term of three years.

Section 2: Term of Office. Each Director shall hold office until the sine die adjournment of the next succeeding annual meeting and until his successor shall have been elected and is qualified.

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Section 3: Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of all 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.

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 written

approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6: That nothing contained in these bylaws shall prevent the Declarant from exercising the Declarant's right to appoint the members of the board of directors in accordance with the provisions of the Declaration.

ARTICLE VI

Nomination and Election of Directors

Section 1: Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a 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 prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2: Initial Election of Directors by Members. At such time as the Declarant shall no longer be able to act or appoint the board of directors in accordance with the Declaration, the Declarant shall appoint a nominating committee consisting of the Declarant and three other members who are not presently members of the board of directors who shall make as many nominations for election to the board of directors as it shall in its discretion determine but not less than the number of directors previously been appointed by the Declarant. Once the nominating committee has made its nominations, then a list of the nominations together with a ballot shall be sent to all members by

regular mail and shall then vote by mail as to who shall constitute the initial board of directors to be elected by the members. Said ballots by mail shall be returned to such person or entity as may be designated by the nominating committee at such time but in any event no longer than two weeks from the date of mailing. Those persons receiving the largest number of votes shall be elected to the vacant director positions. They shall then constitute the initial elected board of directors until the next annual meeting of the members.

Section 3: Election. At the election of Directors the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

Meetings of Directors

Section 1: Regular Meeting. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2: Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any one (1) Directors, after not less than ten (10) days notice to each Director.

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 at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

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;

(b) Suspend the voting rights and right to use of the common areas of a member during any period in which such member shall be in default in the payment of any assessment levied by 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;

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2: Duties. The Board of Directors shall have the power and duty 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 any special meeting when such statement is requested in writing by one-fourth 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) subject to the approval of the members of the Association as more particularly set forth below, the board of directors shall:

- (1) make annual and special assessments necessary for the construction, upkeep, maintenance and improvement of and on the common areas.
- (2) fix the amount of the annual assessment against each owner at least thirty (30) days in advance of each annual assessment period.
- (3) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance as to any change in the amount of the annual assessment or as to the payment of any special assessment.
- (4) Secure any annual or regular and special unpaid assessments with a lien that continues upon the property against which the assessment is made.
- (5) Foreclose the lien as provided in the Declaration against any property for which assessments are not paid or to bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or to cause an appropriate office 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) Maintain the common areas as required under the Declaration.

ARTICLE IX

Officers and Their Duties

Section 1: Enumeration of Officers. The officers of this Association shall be a President, Treasurer and Secretary, who shall at all time be members of the Board of Directors.

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: Terms. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4: 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. Any officer may resign at any time giving written notice to the Board, the president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5: Vacancies. A vacancy in any office may be filled with appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6: Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 7: Duties. The duties of the officers are as follows:

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

(b) Secretary. 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; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses and shall perform such other duties as required by the Board.

(c) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the members.

Section 8: Compensation. No officers shall receive any compensation for their services as officers.

ARTICLE X

Assessments

Section 1. Each member is deemed to covenant and agree to pay the Association:

- (1) A annual assessment or charge.
- (2) Special assessments for capital improvements.
- (3) The annual and special assessments, if any, together with such interest thereon and costs of collection as hereinafter provided shall be a charge on the land and shall be a continuing lien

upon the property against which each assessment is made. This is subject to the terms and provisions as set forth in the protective covenants and restrictions.

Section 2. Approval of Members. Within thirty (30) days after adoption by the board of directors of any proposed regular or special budget of the Association including the rate of assessment (regular or special), the board shall set a date for a meeting of the owners to consider ratification of the budget and the assessment (regular or special) not less than fourteen (14) nor more than sixty (60) days after the mailing of a summary of the budget to each owner. Unless at such a meeting the owners of a majority of the votes in the association are allocated reject the proposed budget in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notices not given, the periodic budget last ratified by the owners shall be contingent until such time as the owners ratify a subsequent budget proposed by the board of directors. However, the above provision is subject to the requirement that any time an increase in the annual assessment of more than five percent (5%) of the annual assessment currently being assessed is proposed then any such assessment must be approved in writing by at least fifty-one (51%) of the lot owners excluding the Declarant or in the alternative, the membership at a meeting called pursuant to the provisions of these by-laws may approve the increase in the annual or regular assessments subject to the condition that at least sixty percent (60%) of the lot owners or their proxies (excluding the Declarant) attend the meeting and that the approval is obtained by sixty-six and two-thirds percent (66 2/3%) of those in attendance at such a meeting.

Section 3. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments for capital improvements. Any such levy by the Association shall be for the purpose of defraying in whole or

in part the cost of any construction or reconstruction, or replacement of a described capital improvement upon the common areas provided that any such assessment shall have the assent in writing of fifty-one (51) percent of all of the lot owners (excluding the Declarant), or by approval of the membership at a special meeting called for that purpose in accordance with the provisions of these By-Laws provided that sixty (60) percent of the lot owners or their proxies (excluding Declarant) are present at such a special meeting and approval of two-thirds (2/3) of those in attendance approve such special assessments.

Section 4. Uniform Rate. Both annual and special assessments shall be fixed at a uniform rate for all lots. Date of commencement of annual assessment: Due dates. In the event the annual assessment is increased or decreased as provided for in these By-Laws, then the new assessment rate shall begin on the first day of the month following the meeting at which the annual assessment rate was changed. The due date of any special assessment as provided herein shall be fixed by the resolution authorizing such assessment.

ARTICLE XI

Committees

The Board shall appoint other committees as deemed appropriate in carrying out its purposes. The Architectural Control Committee shall consist of members appointment as set forth in the Declaration.

ARTICLE XII

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 Bylaws of the Association shall be available for inspection by any member. Copies may be purchased at reasonable cost.

ARTICLE XIII

Amendments

Section 1. These bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy. In the event the bylaws are amended, said amended bylaw must be signed by the President and Secretary of the Association attesting to the amendment setting forth its date of adoption.

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; and in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

IN WITNESS WHEREOF the Director of the TUSTIN RANCH HOMEOWNER'S ASSOCIATION has hereunto set his hand this 5th day of April, 2000.

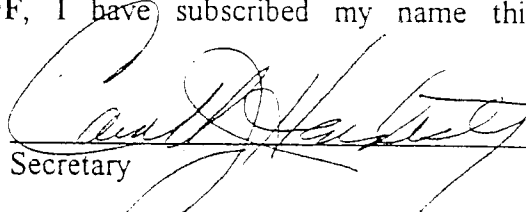


Gary Racca

CERTIFICATION

I, the undersigned do hereby certify that I am the duly elected and acting Secretary of Tustin Ranch Homeowner's Association; the foregoing By-Laws constitute the original By-Laws of said Association as adopted at a meeting of the Directors hereof.

IN WITNESS WHEREOF, I have subscribed my name this 5th day of April, 2000.



Secretary