

**BYLAWS OF
THE BUTTES HOMEOWNERS' ASSOCIATION**

ARTICLE 1

OBJECT AND DEFINITIONS

1.1 Purpose. The purpose for which this Association is formed is to govern the Buttes Planned Development District situated in Pierce County, Washington (the "Property"), which Property has been submitted to the provisions of a Covenants, Conditions, Restrictions and Easements for The Buttes Planned Development District dated August 7, 2002 and recorded under Pierce County Recording No. 200208090773 and Amendment No. One to Covenants, Conditions, Restrictions, and Easements dated October 10, 2002 and recorded under Pierce County Recording No. 200210111118, establishing a plan for ownership and management of the Property (together, the "Covenants").

1.2 Assent. All present or future owners, occupants, or any other person using the Lots or other facilities of the Property are subject to the resolutions set forth in these Bylaws. The mere acquisition or occupancy of any of the Lots in the Property shall constitute ratification of these Bylaws.

1.3 Definitions. All terms not otherwise defined herein shall have the meaning ascribed to them in the Covenants.

ARTICLE 2

**ARTICLES OF INCORPORATION AND BYLAWS
ARE SUBJECT TO THE COVENANTS**

The Articles of Incorporation and the Bylaws of the Buttes Homeowners' Association, along with any rules, regulations or other Governing Documents created by the corporation, shall be in all respects subject to, and in aid of, the Covenants. In the event that the Articles or these Bylaws, or any action taken by the Board or the Owners, shall conflict with the Covenants, the provisions of the Covenants shall control. The terms, provisions and conditions of the Covenants are by this reference incorporated herein as if fully set forth.

ARTICLE 3

**MEMBERSHIP, VOTING, MANAGEMENT, AND MEETINGS
DURING THE DEVELOPMENT PERIODS**

3.1 Development Period. During the Development Period for each Phase, the Association shall be governed exclusively by the Articles, Bylaws, Covenants and the Washington Nonprofit Corporation Act; provided, however, that the provisions of Articles 4, 5, and 7 of these Bylaws shall not apply to the Association during the Development Period for Phase I.

3.2 Membership and Voting. During the Development Period for Phase I, the Declarant shall be the sole Member of the Association. During the Development Period for Phase I, no Owner other than the Declarant shall be a Member of the Association or have any

right respecting the governance or decision-making of the Association. Upon completion of the Development Period for Phase I, all Owners within Phase I shall immediately become Members of the Association, together with Declarant as described below.

Declarant shall also have 120 votes within the Association until recordation of the Final Plat for Phase II, at which time Declarant shall have the voting power within the Association for each Lot created in Phase II. During the Development Period for Phase II, no Owner within Phase II other than the Declarant shall be a Member of the Association or have any right respecting the governance or decision-making of the Association. Upon completion of the Development Period for Phase II, all Owners within Phase II shall immediately become Members of the Association together with the Owners from Phase I and Declarant as described below.

Declarant shall also have 70 votes within the Association until recordation of the Final Plat for Phase III, at which time Declarant shall have the voting power within the Association for each Lot created in Phase III. Declarant retains the authority and the option, until completion of the Development Period for Phase III, to transfer the interests within the Association of the Phase III Lots to the respective Owners within Phase III. In the event Declarant retains ownership of any Lots, Declarant shall remain a Member of the Association with voting power for each Lot owned. If upon completion of the Development Period for Phase III, Declarant decides to transfer the Phase III interests within the Association to the respective Owners, then all Owners within Phase III shall immediately become Members of the Association together with the Owners from Phases I and II. Declarant, however, unless and until it transfers the interests of the Phase III Lots within the Association to their respective Owners, shall have the sole and exclusive authority to manage and administer the portion of the Common Areas within Phase III.

Accordingly, during the respective Development Periods, the voting power within the Association shall be as follows:

- Phase I: Declarant is sole Member and has all voting power and authority.
- Phase II: Each Owner of a Lot within Phase I shall have one vote within the Association; Declarant shall have 120 votes until recordation of the Final Plat for Phase II, at which time Declarant shall have the voting power within the Association for each Lot created in Phase II; and Declarant shall have 70 votes for its ownership of Phase III.
- Phase III: Each Owner of a Lot within Phase I and Phase II shall have one vote within the Association; and Declarant shall have 70 votes until recordation of the Final Plat for Phase III, at which time Declarant shall have the voting power within the Association for each Lot created in Phase III.

Voting rights may be restricted only as set forth in the Covenants.

3.3 Management and Meetings. During the Development Period for Phase I, the Declarant, or Declarant's designee, may appoint up to three (3) directors to be serve on the Board of the Association, which shall have all the powers of the Board set forth herein and in the Articles of Incorporation. Upon completion of the Development Period for Phase I, the Declarant shall select a temporary Board of Directors of the Association consisting of not fewer than three (3) persons, who need not be Owners, to manage the Association. The temporary

Board shall have the full authority to manage the Association under the Governing Documents and shall be subject to all provisions of the Governing Documents. The temporary board selected by the Declarant shall serve for one (1) year, after which the Board shall be elected from among the Owners, having votes at the time of the election. The Board shall elect officers of the Association, including a President, Secretary and Treasurer, from among the Board members, and the President shall preside over meetings of the Board and meetings of the Association. The Association shall comply with the requirements of the Washington Nonprofit Corporation Act regarding matters of membership, meetings of Members and directors, voting and all other matters.

3.4 Action by Director(s) Without Meeting. During the Development Period for Phase I, any action required by law to be taken at a meeting of the Association or its Board of Directors, or any action which may be taken at such a meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by the Declarant, as sole Member, or as the sole director, as the case may be; such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any Articles or document filed with the Secretary of State of the State of Washington.

ARTICLE 4

MEMBERSHIP, VOTING, AND MEETINGS AFTER THE DEVELOPMENT PERIOD

4.1 Matters Governed by Covenants. With regard to various matters including membership, transfer of membership, voting, and joint owner disputes, reference is made to the Covenants, and the same is made a part hereof as if set forth herein.

4.2 Association Meetings. There shall be an annual Members' meeting for the purpose of approving the budget of the Association and any other matters arising at that time. All meetings notices shall be in writing and delivered in person or sent by first class mail to all Members not less than fourteen (14) nor more than sixty (60) days in advance of the meeting, which notice shall describe the date, time, location, and the business to be placed on the agenda by the Board for a vote by the Members, including the general nature of any amendment to the Articles, By-Laws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director. Minutes shall be kept of each meeting and shall include a record of all votes taken, and which shall be available to all Owners upon request. Matters involving view rights or capital improvements of the Common Areas shall require an affirmative vote of Members holding, in the aggregate, at least sixty-six percent (66%) of the membership interests in the Association. Matters involving amendments to the Covenants are addressed in the Covenants. Unless otherwise stated elsewhere in the Covenants, the Articles or these Bylaws, or amendments thereto, all other matters shall require an affirmative vote of Members holding, in the aggregate, at least fifty-one percent (51%) of the membership interests in the Association.

4.3 Special Meetings. Special Meetings of the Association may be called by the president, the Board or by written notice on behalf of Members holding, in the aggregate, at least ten percent (10%) of the membership interests in the Association, which Members shall be specified in the notice of meeting, and which notice shall be delivered to all the Members and the Board not less than fourteen (14) days but not more than sixty (60) days prior to the date fixed for the meeting. The notice shall specify the date, time and place of the meeting, and the matters to be considered.

4.4 Quorum. The presence, in person or by proxy, at the beginning of a meeting for which notice has properly been given of Members holding, in the aggregate, at least thirty-three percent (33%) of the membership interests in the Association shall constitute a quorum for the entire meeting.

4.5 Proxies. Votes may be cast in person or by proxy. Proxies shall be in writing and the signatures must be witnessed or acknowledged. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting. No proxy shall be valid for a period longer than eleven (11) months after the date thereof.

4.6 Voting by Mail. The Board may decide that voting of the Members shall be by mail with respect to any particular election of the Board in accordance with the following procedure: The existing directors shall advise the secretary in writing of the names of nominated directors sufficient to constitute a full Board of Directors, and of a date not less than (forty) 40 and not more than (fifty) 50 days after such advice is given by which all votes are to be received. Within five (5) days after such advice is given, the Secretary shall deliver written notice of the number of directors to be elected and of the names of the nominees to all Members. The notice shall state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of directors to be elected, by notice in writing to the Secretary at the specified address of the principal office of the Association, to be received on or before a specified date approximately fifteen (15) days from the date the notice is given by the Secretary. Within five (5) days after such specified date, the Secretary shall give written notice to all Members, stating the number of directors to be elected, stating the names of all persons nominated by the Board and by the Members on or before said specified date, stating that each Owner may cast a vote by mail, and stating the date established by the Board by which such votes must be received by the Secretary at the address of the principal office of the Association, which shall be specified in the notice. Votes received after that date shall not be effective. All persons elected as directors pursuant to such an election by mail by receipt of the number of votes required by applicable law shall take office effective on the date specified in the notice for receipt of such votes. Delivery of a vote in writing to the principal office of the Association shall be equivalent to receipt of a vote by mail at such address for the purpose of this section. Upon approval of the Board, the Secretary may specify in any written notice that nominations or votes may be submitted by facsimile or by e-mail to a facsimile number or e-mail address designated in the notice.

4.7 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors (annual meeting and special meetings called for that purpose).
- (g) Unfinished/old business.
- (h) New business.

4.8 Association Budget. The funds required to meet the Association's costs and expenses during the Development Periods shall be raised from Owner Assessments assessed against each Owner as provided in the Covenants. Upon completion of the Development Period for Phase I, the Association shall prepare, or cause the preparation of, an operating budget for the Association at least annually. The operating budget shall set forth all sums estimated by the

Association required to meet its annual costs and expenses. The Association may revise the operating budget after its preparation as provided in the Covenants at any time it deems necessary or advisable in order to take into account and defray additional costs and expenses of the Association. When prepared, the operating budget shall be delivered to each Owner, along with an invoice for such Owner's share of the Owner Assessments.

4.9 Budget Ratification. Upon completion of the Development Period for Phase I, and within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the operating budget and invoice for each Owner's Assessment. Unless at that meeting the Owners of a majority of the votes in the Association or any larger percentage specified in the Governing Documents reject the 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 notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

4.10 Action by Members Or Directors Without Meeting. Any action required by law to be taken at a meeting of the Members or Board of Directors of the Association, or any action which may be taken at a meeting of the Members or the Board, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, or all of the directors, as the case may be. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any Articles or document filed with the Secretary of State of the State of Washington.

4.11 Other Means of Participation. Members may participate in an Association meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at the meeting.

ARTICLE 5

MANAGEMENT OF ASSOCIATION AFTER THE DEVELOPMENT PERIODS

5.1 In General. The affairs of the Association shall be governed by a Board of Directors. No person may hold more than one position as director. The number of directors shall be set forth in the Articles of Incorporation.

5.2 Election and Term of Office. The directors selected by the Declarant at the completion of the Development Period for Phase I shall serve for one (1) year from the time of such appointment, and all subsequent directors shall be elected at the annual meeting of the Members, shall take office immediately upon the conclusion of such meeting, and shall serve for a one (1) year term unless. All current are eligible for re-election The nomination procedures for the election of the Board shall be in accordance with the Voting by Mail Section of these Bylaws.

5.3 Organization Meeting. The first meeting of a newly-elected Board of Directors shall be held immediately following the annual meeting of the Members, and no notice shall be necessary to the newly-elected directors in order legally to constitute such meeting.

5.4 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 of the directors; provided that, at

least two (2) such meetings shall be held during each fiscal year and one such meeting shall be held immediately following the annual meeting of Members. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting, by the President or Secretary of the Association.

5.5 Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each director, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

5.6 Open Meetings. All meetings of the Board shall be open for observation to the Members and their authorized agents. The Board shall keep minutes of all action taken by the Board. Upon the affirmative vote to assemble in closed session, the Board may convene in closed session to consider personal matters; consult or consider communication with legal counsel; discuss Association litigation; potential or actual violations of the Governing Documents; and matters regarding the potential liability of an Owner to the Association. Any motion for closed session shall state the purpose(s) of the session and be recorded in the minutes. The Board shall only consider in closed session those matters which are made part of the motion. The Board may only take action regarding a matter discussed in closed session by an affirmative vote in a subsequent open meeting.

5.7 Waiver of Notice. Before, at or after any meeting of the Board, any director may, in writing, waive notice of such 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 of the time and place thereof. If all the Board members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.8 Quorum. At all meetings of the Board, a majority thereof shall constitute a quorum for the transaction of business, and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum thereafter becomes present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.9 Vacancies. Vacancies in the Board caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected at the next annual meeting of the Association.

5.10 Removal of Directors. At any regular meeting or at any special meeting called for that purpose, any one or more of the directors may be removed with or without cause by a majority vote of the Members at a meeting with a quorum. A successor may then and there be elected by the Members to fill the vacancy that is created. Any director whose removal has been so proposed by the Members shall be given an opportunity to be heard at the meeting.

5.11 Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

5.12 Board Expenses. Directors shall not be entitled to any compensation except the reimbursement of expenses incurred in performing their duties as directors.

ARTICLE 6

OFFICERS

6.1 Designation. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board and need not be Owners or Members of the Association.

6.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board. Any person may hold concurrently any two offices (and may also concurrently be a Board member), except that the same person may not concurrently hold the offices of the President and Secretary.

6.3 Removal of Officers. Upon an affirmative vote of a majority of the directors, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board, or any at special meeting of the Board called for such purpose.

6.4 President. The President shall be the chief executive officer of the Association. He shall have all of the general powers and duties which are usually vested in the office of the President of a nonprofit association including, but not limited to, the power to appoint committees from among the directors from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

6.5 Vice President. A Vice President shall have all the powers and authority and perform all of the functions and duties of the President in the absence of the President or his inability for any reason to exercise such powers and functions or perform such duties.

6.6 Secretary. The Secretary shall keep the minutes of meetings of the Board and minutes of meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he 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 a complete list of Members and their registered mailing addresses. Such list shall also show opposite each Owner's name the number of other appropriate designation of the Lot of Lots owned by such Owner. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. The Secretary shall perform the duties specified in the Voting by Mail section of these Bylaws. The Board may appoint one or more Assistant Secretaries to perform all of the duties of the Secretary in the absence of the Secretary.

6.7 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall prepare the Association budget and prepare the amount and notice of Owner Assessments. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors. The Board may appoint one or more Assistant Treasurers to perform all of the duties of the Treasurer in the absence of the Treasurer. The Board may also determine in its discretion to contract with an

outside agent for preparation of the Association budget and determination of the Owner Assessments.

ARTICLE 7

ARCHITECTURAL CONTROL COMMITTEE

Within sixty (60) days of the recording of the Covenants, the Declarant shall appoint an Architectural Control Committee (hereinafter "Committee") of not less than three (3) and not more than five (5) persons, who shall serve until the completion of the Development Period for Phase I. The members of the Committee need not be Owners. During the Development Period for Phase I, Declarant may remove, replace or appoint any member of the Committee at any time. After expiration of the Development Period for Phase I, the Board shall appoint members to the Committee, who need not be Members of the Association. Appointment of members to the Committee shall be by a majority vote of the Board for terms of one (1) year. Any member of the Committee may be removed by a majority vote of the Board or at a regular or special meeting of the Association by a majority meeting of the Members at a meeting with a quorum. The Committee shall have the authority, jurisdiction, and purposes specified in the Covenants, shall follow the procedures set forth in the Covenants for actions to be taken by the Committee, and shall be in all cases governed by the provisions of the Covenants.

ARTICLE 8

ADMINISTRATION; RECORD KEEPING; AND CONTRACTS

8.1 Record Keeping. All records of the Association, including the names and addresses of Owners and other occupants of the Lots, shall be available for examination by all Owners, holders of mortgages on the Lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the Association or its managing agent. The Association shall not release the unlisted telephone number of any Owner. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records.

8.2 Financial Accounting. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds. The Association (or its agent) shall keep financial and other records sufficiently detailed to enable the Association to fully declare to each Owner the true statement of its financial status. All financial and other records of the Association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the Association. The Association shall prepare an annual financial statement. If the annual assessments of the Association are over \$50,000, the Association shall have an annual audit conducted of the financial statement by an independent certified public accountant, but the audit may be waived if sixty-seven percent of the votes cast by Owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit.

8.3 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the Association, and that authority may be general or confined to specific instances. A Director or officer of the Association shall not be disqualified by his/her office from dealing or contracting with the Association either as a vendor, purchaser, creditor, debtor or otherwise. The fact that any Director or officer, or any firm of which any Director is a member, officer or

director, is in any way interested in any transaction or contract shall not make the transaction or contract void or voidable, or require the Director or officer of the Association to account to the Association for any profits therefrom if the transaction or contract is or shall be authorized, ratified or approved by vote of a majority of a quorum of the Board of Directors excluding the interested Director.

8.4 Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. That authority may be general or confined to specific instances. No loans shall be made by the Association to its Members, officers or Directors.

8.5 Handling of Funds. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by the officer or officers, agent or agents of the Association and in the manner as shall from time to time be determined by resolution of the Board of Directors. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in the banks, trust companies or other federally insured depositories as the Board of Directors may select. The Association shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the Property. Overall superintendence of these funds shall be the responsibility of the Treasurer of the Association. The Treasurer shall administer the Association's accounts in such a way that the funds are secure and that signature cards at the various institutions containing the funds are current.

ARTICLE 9

OBLIGATIONS OF MEMBERS

9.1 In General. Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Buttes Planned Development District was established, and each Owner shall comply strictly with all provisions of the Covenants, including but not limited to using the Property only as permitted thereby, and paying all expenses and assessments when due.

9.2 Indemnification. The Association shall indemnify the Declarant, and every director or officer, and each member of the Architectural Control Committee, and any heirs, executors or administrators of any of the foregoing as provided in the Articles of Incorporation.

9.3 Use of Common Areas and Limited Common Areas. Each Owner shall use the Common Areas and any limited Common Areas in accordance with the Covenants and with the purposes for which they were intended without hindering or encroaching upon the lawful rights of the other Owners.

9.4 Rules and Regulations. The Board, on behalf of the Association, shall have the power to adopt, modify, and amend rules and regulations governing the Buttes Community. The rules and regulations shall apply uniformly to all Owners, except as specifically provided herein. The Board shall have the power to enforce the rules and regulations on behalf of the Association and may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension of the right to use the Common Areas or portions thereof and/or the assessment of fees, penalties or Noncompliance Charges which shall constitute a continuing lien as set forth in the Covenants. Any such rules and regulations shall become effective thirty (30) days after promulgation and shall be mailed to all Owners prior to their effective date. A

copy of the rules and regulations then in force shall be retained by the Secretary of the Association.

ARTICLE 10

AMENDMENTS

The Declarant may adopt these initial Bylaws. Any amendments to these Bylaws for the administration of the Association and the Property, and for other purposes not inconsistent with the intent of the Covenants, shall be adopted by the Association by concurrence of those voting Members holding sixty percent (60%) of the total votes held by all Members, at any regular or special meeting. Notice of the time, place and purpose of such meeting, including the language or general nature of the proposed amendment, shall be delivered to each Owner not less than fourteen (14) but not more than sixty (60) days prior to such meeting. No amendment shall be effective that is contrary to the Covenants or the Articles of Incorporation. The Members, by an affirmative vote of Members holding sixty percent (60%) of the total votes held by all Members, may authorize the Board of Directors to amend these Bylaws in the Board's discretion or in granting such authority may place restrictions on such discretion.

ARTICLE 11

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND REQUIRED PROXIES

11.1 Proof of Ownership. Any person on becoming an Owner of a Lot shall furnish to the Board a certified copy of the recorded instrument vesting that person with an interest or ownership, which instrument shall remain in the files of the Association.

11.2 Registration of Mailing Address. The Owners of each Lot shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications; and such registered address shall be the only mailing address of an Owner to be used by the Association. Such registered address of Owners of a Lot shall be furnished by such Owners to the Secretary within five (5) days after transfer of title; such registration shall be in written form and signed by all of the Owners of the Lot or by such persons as are authorized by law to represent the interests of all of the Owners thereof. If no such address is registered or if all of the Owners cannot agree, then the address of the Lot shall be the address until another registered address is furnished as permitted under this section. Registered addresses may be changed from time to time by similar designation.

11.3 Completed Requirement. The requirements contained in this Article shall be first met before an Owner shall be deemed in good standing and entitled to vote at any annual or special meeting of Members.

ARTICLE 12

CONFLICT WITH COVENANTS

These Bylaws are intended to comply with and supplement the requirements of the Covenants. If any of these Bylaws conflict with the provisions of the Covenants, the provisions of the Covenants shall prevail.

ARTICLE 13

NONPROFIT ASSOCIATION

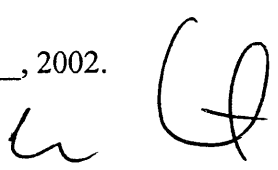
This Association is not organized for profit. No Owner, Member, Director of the Board, or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations of the Association or the Property, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any Directors of the Board. The foregoing, however, shall neither prevent nor restrict the following: (1) reasonable compensation may be paid to any Member, director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) any Member, director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE 14

FISCAL YEAR

The fiscal year of the Association shall begin on January 1 and end on December 31 of each year.

DATED this 9 day of October, 2002.

By 

Charles E. Martin, Manager of The Buttes,
LLC

As: Director and Sole Member, The Buttes
Homeowners Association