AMENDED AND RESTATED BYLAWS OF
LAKEMONT HIGHLANDS DIVISION II HOMEOWNERS ASSOCIATION

ARTICLE 1 MEMBERSHIP; VOTING; REGISTER. 2
1.1. Name. 2
1.2. Membership. 2
1.3. Number of Votes. 2
1.4. No Division of a Vote. 2
1.5. Voting by Proxy. 3
1.6. Persons Under Disability. 3
1.7. Register of Members. 3
ARTICLE 2 MEETINGS OF MEMBERS. 3
2.1. Place. 3
2.2. Annual Meeting. 3
2.3. Budget Ratification. 3
2.4. Special Meetings. 4
2.5. Notice of Meetings. 4
2.6. Quorum. 4
2.7. Adjournment of Meetings. 4
2.8. Majority Vote. 4
2.9. Order of Business. 5
2.10. Action Without A Meeting. 5
2.11. Parliamentary Authority. 5
ARTICLE 3 BOARD OF DIRECTORS. 6
3.1. Number and Qualifications. 6
3.2. Term of Office. 6
3.3. Election. 6
3.4. Powers and Duties. 6
3.5. Vacancies. 6
3.6. Removal of Directors. 7
3.7. Organizational Meeting. 7
3.8. Regular Meetings. 7
3.9. Special Meetings. 7
3.10. Waiver of Notice. 8
3.11. Quorum for Board Meetings. 8
3.12. Conference Call Meetings. 8
3.13. Written Consent to Action. 8
ARTICLE 4 OFFICERS. 8
4.1. Designation. 8
4.2. Election of Officers. 9
4.3. Resignation and Removal of Officers. 9

4.4. President. 9
4.5. Vice President. 9
4.6. Secretary. 9
4.7. Treasurer. 9
4.8. Other Officers and Employees. 9
4.9. Managing Agent. 10
ARTICLE 5 COMMITTEES. 10
5.1. Committees of Directors. 10
5.2. Other Committees. 10
ARTICLE 6 HANDLING OF FUNDS. 10
6.1. Accounts. 10
6.2. Combination and Deposit or Investment of Funds. 10
ARTICLE 7 KEEPING RECORDS AND REPORTS 11
ARTICLE 8 COMMUNICATION BY ELECTRONIC TRANSMISSION 11
ARTICLE 9 INDEMNIFICATION 11
ARTICLE 10 AMENDMENTS. 11
ARTICLE 11 MISCELLANEOUS 12

AMENDED AND RESTATED BYLAWS OF
LAKEMONT HIGHLANDS DIVISION II HOMEOWNERS ASSOCIATION

The following are Amended and Restated Bylaws of Lakemont Highlands Division II Homeowners Association Bylaws. These Amended and Restated Bylaws of Lakemont Highlands Division II Homeowners Association ("the Amendment") were approved by the Owners as provided in Article 8 of the By-Laws of Lakemont Highlands Division II Homeowners Association approved June 17, 1998 (the "Previous Bylaws").

To satisfy Article 2 and Article 8 of the Previous Bylaws, a written notice of the time, place and purpose of the Association meeting was delivered to each Owner at least fifteen (15) days before the meeting at which these Amended and Restated Bylaws of Lakemont Highlands Division II Homeowners Association ("the Amendment") was considered. This Amendment was approved at a meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.

The President and Secretary of Lakemont Highlands Division II Homeowners Association certify that the Previous Bylaws have been amended as follows and that these Amended and Restated Bylaws supersede and replace the contents of the Previous Bylaws which were in effect at the time these Amended and Restated Bylaws were adopted.

These Amended and Restated Bylaws ("the Bylaws") provide for the operation of Lakemont Highlands Division II Homeowners Association (the "Association") located in King County, Washington. They apply to the entire Property, each Lot therein, and all Common Areas. Each Lot Owner automatically, by virtue of such ownership, becomes a Member of the Association. All present and future Lot Owners, Mortgagees and other encumbrancers, lessees, tenants, licensees, and occupants of Lots, and their guests and employees, and any other person who may use the facilities of the Property are subject to these Bylaws, the Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions of Lakemont Highlands Division II Homeowners Association, as it may from time to time be amended (the "Covenants"), and the Governing Documents.

Words and phrases defined in the Covenants have the same meaning in these Bylaws.

ARTICLE 1 MEMBERSHIP; VOTING; REGISTER.

1.1. Name.

The Owners of Lots shall constitute an owners' association to be known as Lakemont Highlands Division II Homeowners Association. The Association may, in the discretion of the Board, operate under a different, but substantially similar, name.

1.2. Membership.

Each Owner is (a) a Member of the Association upon becoming an Owner and (b) a Member of the Association until the Owner ceases to own a Lot. Association membership is appurtenant to the Lot owned. Membership shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of title to the Lot to which it is appurtenant and then only to the new Owner. If a Lot has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, the Covenants, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. A prohibited transfer, if made, is void. Corporations, partnerships, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be Members of the Association. Owners of a Lot as joint tenants, tenants in common, community property, or other ownership involving more than one Owner, shall be joint Members of the Association, but shall share the Lot's vote.

1.3. Number of Votes.

The Association shall have one (1) class of voting membership. Lakemont Highlands Division II has forty-seven (47) single-family Lots. Each Lot has one (1) vote. Each Member shall be entitled to one (1) vote for each Lot owned.

1.4. No Division of a Vote.

A Lot's vote (a) shall not be divided, and (b) shall be cast as a single vote. If only one (1) of the multiple Owners of a Lot is present at a meeting of the Association, that Owner is entitled to cast all the votes allocated to that Lot. If more than one (1) of the multiple Owners is present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one (1) of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. Joint Owners who cannot agree how to cast their Lot's vote on a matter are deemed to have forfeited the right to cast that vote on the matter in question.

1.5. Voting by Proxy.

A vote allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven (11) months after its date of issuance. The proxy may be revoked by any party having an ownership interest in a Lot. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association.

1.6. Persons Under Disability.

Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

1.7. Register of Members.

The Board shall cause a register to be kept containing the names and addresses of all Members of the Association. Persons who purchase an interest in a Lot shall promptly inform the Board of their interest. Persons who claim to be Members of the Association must furnish the Board, upon request, with copies of any documents under which they assert ownership of a Lot or any interest in a Lot, and any Mortgages on the Lot.

ARTICLE 2 MEETINGS OF MEMBERS.

2.1. Place.

Meetings of the Members of the Association shall be held at any suitable place as may be convenient to the membership and as may be designated from time to time by the Board.

2.2. Annual Meeting.

The annual meeting of the Association shall be held in each fiscal year on a date fixed by the Board, which date shall not be less than fourteen (14) nor more than sixty (60) days after written notice of the meeting is given to the Members.

2.3. Budget Ratification.

The budget shall be prepared and ratified as set forth in Section 6.3 of the Covenants and as required by the Washington Homeowner's Association Act, at RCW 64.38.025(3), as amended from time to time.

2.4. Special Meetings.

A special meeting of the Association may be called (a) by the President, (b) upon the written request of a majority of the Board, or (c) upon a written request signed by Owners of ten percent (10%) of the Lots. Written notice of the special meeting shall be sent to all Owners not less than fourteen (14) days nor more than sixty (60) days in advance of the meeting. No business shall be transacted at a special meeting except as stated in the notice given thereof unless consented to by each of the Owners present either in person or by proxy.

2.5. Notice of Meetings.

It shall be the duty of the Secretary to give notice of each annual, budget and special meeting. These notices shall be hand-delivered or sent prepaid by first-class United States mail to each Member of the Association at the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner. The notice shall state (a) the time and place of the meeting, (b) the business to be voted on, (c) the general nature of any proposed adoption of, or amendment to, the Covenants, the Articles, the Bylaws, or the budget, (d) the change, if any, in the assessment obligation if the proposed action is approved, and (e) if removal of a Director(s) is proposed, the name(s) of the Director(s) whose removal is sought. Before any meeting of the Association, any Member may, in writing, waive notice of such meeting. Attendance by a Member at a meeting of the Association shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins.

2.6. Quorum.

The presence in person or by proxy of Members of the Association or voting representatives of sixteen (16) of the Lots shall constitute a quorum for the transaction of business at any meeting of Members of the Association.

2.7. Adjournment of Meetings.

If any meeting of Owners cannot be organized because a quorum has not attended, the Owners present, in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

2.8. Majority Vote.

Except as otherwise provided by law, by the Covenants, or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is present shall require the affirmative vote of at least fifty-one percent (51%) of the votes present.

2.9. Order of Business.

The order of business at meetings of the Association shall be determined by the Board, but generally will be as follows:

(a) Roll call;
(b) Proof of notice of meeting or waiver of notice;
(c) Minutes of preceding meeting;
(d) Reports of Officers;
(e) Reports of committees;
(f) Election of Directors (annual meeting or special meeting called for such purpose);
(g) Unfinished business;
(h) New business;
(i) Adjournment.

2.10. Action Without A Meeting.

Any action, including the election of Directors, which may be taken by the Owners at a meeting of the Association, also may be taken without a meeting if the following procedures are followed:

(a) The Secretary shall send a written ballot concerning the proposed action to all Members not less than fourteen (14) nor more than sixty (60) days before the date set for the counting of the ballots;

(b) The ballots must explain the proposed action and provide a space where the Member may indicate approval or disapproval of the proposed action;

(c) The Secretary shall tally the number of written and signed ballots received by the date set for the counting of the ballots;

(d) The number of ballots cast must equal or exceed the quorum required to be present at a meeting authorizing the action;

(e) The number of ballots approving an action must equal or exceed the number of votes that would be required to approve an action at a meeting, if the action had been taken at a meeting; and

(f) If the vote is to be secret, then an inner return envelope -- with a space for the Member's signature placed on the envelope's face instead of on the ballot – must be sent to the Members together with the ballot.

2.11. Parliamentary Authority.

In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order, provided that such rules are not inconsistent with the Articles of Incorporation, Bylaws or special rules of order duly adopted by the Association.

ARTICLE 3 BOARD OF DIRECTORS.

3.1. Number and Qualifications.

The affairs of the Association shall be governed by a Board comprised of at least three (3), but not more than five (5) Board members, who are Members of the Association. If a corporation is a Member of the Association, any one of its Officers may be elected to the Board; if a partnership is a Member, any one partner of such partnership may be elected to the Board.

3.2. Term of Office.

Each term of office for a Board position is one (1) year. Elections will occur at Annual Meetings. The number of Directors or their term of office may be changed by amendment of these Bylaws.

3.3. Election.

Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast one vote per Lot for each vacant seat. The person receiving the most votes for the seat shall be elected to the seat. Cumulative voting is not permitted. When the election is held without a meeting, the procedures in Section 2.10 of these Bylaws shall be followed.

3.4. Powers and Duties.

The Board shall have the powers and duties provided for in the Covenants, the Homeowner's Association Act, the Act under which it is incorporated and all other power necessary for the administration of the affairs of the Association, and may do all such acts and things as are not prohibited by, or required to be done in another manner by statute or by the Covenants. Except as provided in the Covenants and these Bylaws, the Board shall act in all instances on behalf of the Association. A Director shall perform the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

3.5. Vacancies.

Vacancies on the Board (except for those due to 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. That Director shall serve the balance of the unexpired term. Vacancies not filled by vote of the remaining Directors shall be filled by vote of the

Owners at the earlier of the next annual meeting or a special meeting called for that purpose. A Director appointed or elected, as the case may be, shall serve the balance of the unexpired term.

3.6. Removal of Directors.

At any regular or special meeting of the Association, any one or more of the Directors may be removed, with or without cause, by Members holding a majority of the votes in the Association, provided that notice of the proposed removal was given prior to the meeting as set forth in Section 2.5 above. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting before the vote for removal is taken. If a majority of votes in the Association do vote to remove the Director(s), a successor(s) may then and there be elected by Members holding a majority of the votes in the Association to fill the vacancy thus created and to serve the balance of the unexpired term. In addition, a Director who has missed three (3) or more regularly scheduled Board Meetings, during a calendar year, shall be deemed to have resigned from the Board, by mere operation of this provision of the Bylaws. The Board, by majority vote of the then remaining Directors, may reinstate the Director to the Board upon determination by the Board that the Director had a bona fide reason for the absence(s) or that the best interests of the Association are served by reinstating the Director. Any Directors, except for the initial five (5) Directors whose terms shall cease as herein provided, who cease to be an Owner, shall thereby be disqualified from serving as a Director and shall be treated as having resigned.

3.7. Organizational Meeting.

The first meeting of the newly elected Board shall be held within ten (10) days of election at a place to be fixed by the Directors at the meeting at which the Directors were elected. No notice to the newly elected Directors will be necessary to legally call the meeting, providing a majority of the whole Board is present at the meeting.

3.8. 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, but shall be held at least quarterly. Notice of regular meetings of the Board shall be given to each Director personally or by mail, telephone, or facsimile, at least three (3) days before the day fixed for the meeting. Notice may be given to a Director via e-mail if the Director has given the Secretary written authorization to give the Director notice via e-mail to an e-mail address identified in the written authorization.

3.9. 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, facsimile, or, if authorized by Section 3.8

above, by e-mail. The notice shall state the time, place, and purpose of the meeting. Special meetings of the Board must also be called by either the President or Secretary or by the written request of any two (2) Directors, by giving the same notice as specified above.

3.10. Waiver of Notice.

Before any meeting of the Board, any Director may, in writing, waive notice of such meeting. Attendance by a Director at any meeting of the Board shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

3.11. Quorum for Board Meetings.

At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business. The acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting and make a good faith effort to timely notify these absent Board members of the date, time and place of the adjourned meeting. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

3.12. Conference Call Meetings.

Board meetings are authorized to be conducted in a telephonic conference call.

3.13. Written Consent to Action.

Any action which may be taken at a duly called Board meeting may be taken if consent in writing, setting forth the action taken, is approved and signed by all of the Directors. Such consent will have the same effect as a unanimous vote.

ARTICLE 4 OFFICERS.

4.1. Designation.

The principal 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. The President and the Vice President shall be members of the Board and each may only hold one (1) office. The offices of Secretary and Treasurer may be held by the same person. The Directors may appoint such other Officers as in their judgment may be necessary or desirable and such other Officers need not be members of the Board. All Officers must be Members of the Association.

4.2. Election of Officers.

The Officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. Each Officer shall hold office for one (1) year unless such Officer shall sooner resign, shall be removed or otherwise disqualified to serve.

4.3. Resignation and Removal of Officers.

At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any Officer may be removed, with or without cause. A successor to the removed Officer may be elected at the same meeting. Any Officer may resign at any time by giving written notice to the Board. A vacancy in any office may be filled by election by the Board.

4.4. President.

The President shall preside at all meetings of the Association and of the Board and shall have all powers and duties usually vested in the office of the President.

4.5. Vice President.

The Vice President shall perform the duties of the President when the President is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

4.6. Secretary.

The Secretary shall record the votes and keep the minutes of all meetings of the Board and of the Association, serve notice of the meetings and shall have custody of the business records of the Board and the Association, other than financial records kept by the Treasurer. The Secretary shall also perform such other duties as may be prescribed by the Board.

4.7. Treasurer.

The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all financial matters of the Association, and shall have all powers and duties usually vested in the office of the Treasurer.

4.8. Other Officers and Employees.

Other Officers of the Association and any persons employed to assist the Officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Covenants, and these Bylaws.

4.9. Managing Agent.

The Board may, from time to time, appoint such Managing Agent and Assistant Managing Agents as it deems advisable, and it may delegate such of the Board's administrative responsibilities to such person or persons as the Board deems prudent under the circumstance.

ARTICLE 5 COMMITTEES.

5.1. Committees of Directors.

The Board may create one or more committees. In appointing committee members to Committees of Directors, the Board shall appoint (a) two (2) or more Directors, (b) Members, and (c) if permitted by the Covenants, a non-Member qualified to serve based on training or experience in the types of tasks entrusted to such a Committee. (See also, Section 10.4 of the Covenants regarding appointment to the Architectural Control Committee). Such committees, if composed entirely of Board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board in the management of the Association. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the Association.

5.2. Other Committees.

Other committees, not having or exercising the authority of the Board in the management of the Association, may be composed of one or more Members of the Association and Members may be appointed to such committees by the President or the Directors.

ARTICLE 6 HANDLING OF FUNDS.

6.1. Accounts.

The Board shall establish the necessary funds or accounts to provide properly for the operation and maintenance of the Association. Overall management of these funds shall be the responsibility of the Treasurer of the Association.

6.2. Combination and Deposit or Investment of Funds.

All funds of the Association shall be kept in accounts or deposits that are insured by agencies of the United States. The funds of the Association shall not be commingled with the funds of any other association or with the funds of any manager of the Association.

ARTICLE 7 KEEPING RECORDS AND REPORTS

The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the Owners, Mortgagees, and the agents or attorneys of either of them, during normal business hours and at other reasonable times. Copies may be purchased at reasonable cost.

ARTICLE 8 COMMUNICATION BY ELECTRONIC TRANSMISSION

The following may be communicated by electronic transmission pursuant to the terms, conditions and procedures set forth in the Association's Electronic Notice and Voting Policy, which is set forth in Exhibit A to these Bylaws and is incorporated herein by this reference: (a) any notice by the Association to a member(s) of the Board of Directors; (b) any notice by the Association to a Member(s) of the membership; and (c) any Member(s) proxy or vote.

ARTICLE 9 INDEMNIFICATION

To the full extent permitted by law, each member of the Board of Directors, each Officer, each member of an Association committee, the Managing Agent, and any other agents or attorneys of the Association, shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of holding or having held such a position, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by insurance and except in such cases where such person is found guilty of willful misfeasance in the performance of his or her duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement as being in the best interests of the Association.

ARTICLE 10 AMENDMENTS.

The Bylaws may be amended by the affirmative vote of majority of a quorum of Members present in person or by proxy at any duly called regular or special meeting of the Association, or by casting of written ballots in an Action without a Meeting as provided by Section 2.10 of these Bylaws. The amendment when adopted shall bear the signature of a Board

member, who shall certify that the amendment was properly adopted. Said certification shall be conclusive as to the procedural validity of the Amendment.

ARTICLE 11 MISCELLANEOUS

In the event of a conflict between the provisions of the Bylaws and the Covenants, the Covenants shall prevail. In the event of a conflict between the Bylaws and the Articles of Incorporation, the Articles shall control.