

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PLAT OF PARKSIDE**

THIS DECLARATION is made this 1ST day of December, 1993 by CENTEX REAL ESTATE CORP., WASHINGTON DIVISION, a Nevada corporation (hereinafter "Declarant").

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RECITALS

1. Declarant is owner of that certain property located in Thurston County which Declarant has developed and submitted to the City of Lacey as a formal subdivision composed of 57 lots numbered 1 through 57, and tracts A, B, and C, to be known as the Plat of Parkside.

2. Declarant has formed a homeowners association to which only the lot owners of Parkside subdivision will be members, to be registered with the Secretary of State, Washington, as Parkside Lacey Homeowners Association, a non-profit corporation.

3. Declarant now desires to establish covenants for the purpose of protecting the value and desirability of the Plat of Parkside and the rights and benefits of the lot owners thereof, of insuring the aesthetic quality and uniformity of the structures and improvements in said plat, and of defining the rules for the use and ongoing maintenance of its common areas.

4. Declarant has previously recorded a Declaration of Covenants, Conditions and Restrictions under Thurston County Auditor's file number 9311190259, which is superseded in its entirety by this Declaration for the purpose of amending the name of the homeowners association.

NOW, THEREFORE, Declarant hereby declares that all of Parkside subdivision recorded in Volume 26 of Plats, Page 90 in Thurston County, Washington, under Thurston County Auditor's file number 9311190256 and any additional property legally described on the Plat of Parkside or as may hereafter be brought under the jurisdiction of this Declaration shall be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements.

Except that, notwithstanding anything to the contrary contained herein, Lot 1 and the owners of Lot 1, and Tracts B and C of Parkside, are specifically excluded from the terms of this Declaration and from membership in Parkside Lacey Homeowners Association.

These covenants, conditions, restrictions and easements shall run with the land and shall inure to the benefit of and be binding upon all parties, their heirs, successors and assigns, having any right, title or interest in the described plat or any part thereof.

ARTICLE I.

DEFINITIONS

1. **"Association"** shall mean Parkside Lacey Homeowners Association, a Washington nonprofit corporation, its successors and assigns.

2. **"Board"** shall mean the Board of Directors of the Association as provided for in the Bylaws of the Association.

3. **"Bylaws"** shall mean the Bylaws of the Association and all amendments thereto.

4. **"Common Area"** shall mean all real property and interests in real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, and shall in all events exclude each of the Lots.

The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

Tract A of Parkside subdivision, according to the plat thereof recorded in volume 26 of Plats, Page 90 in Thurston County, Washington under Thurston County Auditor's file number 9311190256.

5. **"Declarant"** shall mean Centex Real Estate Corp., Washington Division, a Nevada corporation, and its successors and assigns if such successors or assigns should acquire more than one (1) undeveloped Lot from the Declarant for the purpose of development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant.

6. **"Declaration"** shall mean this Declaration and any amendments thereto.

7. **"Lot(s)"** shall mean any plot of land described in and shown on the recorded subdivision map of the Property, excluding the Common Area and areas deeded to governments or public agencies.

8. **"Owner"** shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot in the Property, including any person or entity holding a vendee's interest under a real estate contract for the sale of any such Lots, but excluding those having such interest merely as security for the performance of an obligation.

9. **"Property"** shall mean the Plat of Parkside recorded in volume 26 of Plats, Page 90 in Thurston County, Washington under Thurston County Auditor's file number 9311190256, and such additional property as may hereafter be brought within the jurisdiction of the Association.

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ARTICLE II.

PROPERTY RIGHTS

1. Owners' Easement of Enjoyment

Every Owner shall have a nonexclusive right and easement in common with all Owners of enjoyment in and to the Common Area. This easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

a. the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

b. the right of the Association to suspend the voting rights and right to use the recreational facilities by an Owner for:

(1) any period during which any assessment against such Owner's Lot remains unpaid; and

(2) for a period not to exceed sixty (60) days, for any infraction of the Association's rules and regulations;

c. the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded;

d. the right of the Association to mortgage, pledge or deed in trust all or any part of the Common Area as security for money borrowed or debts incurred. No such mortgage, pledge or deed in trust shall be effective unless an instrument agreeing to such mortgage, pledge or deed or trust signed by two-thirds (2/3) of each class of members has been recorded;

e. the right of the Association to adopt rules governing the appropriate use and treatment of the Common Area and facilities; and

f. the right of the Association to require from any Owner reimbursement to the Association for damages caused to the Common Area or Lots due to such Owner's negligence or willful acts.

2. Delegation of Use

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Any Owner may delegate his or her right of enjoyment to the Common Area and facilities to the members of his or her family, his

or her tenants, or contract purchasers who reside on the Property, in accordance with the Bylaws of the Association.

ARTICLE III.

OWNERS ASSOCIATION

1. Establishment

There is hereby created an association to be called Parkside Lacey Homeowners Association.

2. Form of Association

The Association shall be a nonprofit corporation formed and operated pursuant to Title 24, Revised Code of Washington.

3. Membership

Every Owner of a Lot, except Lot 1 and Tracts B and C, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from the ownership of any Lot.

4. Voting

A. Voting Membership

The Association shall have two classes of voting memberships:

Class A. Class A members shall be all Owners of Lots, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members entitled to one (1) aggregate vote for each such Lot owned.

Class B. The Class B member shall be the Declarant, which shall be entitled to three (3) votes for each Lot owned by it. The Class B membership shall cease and be converted to Class A membership on the happening of the earlier of one of the following events:

(1) when the total eligible votes in the Class A membership equal the total eligible votes in the Class B membership, or

(2) on December 31, 1995.

B. Number of Votes

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Except as provided above, the total voting power of all Owners shall equal the number of Lots at any given time and the total number of votes available to Owners of any one Lot shall be one (1) vote. When ownership in one Lot is in joint Owners, the vote for such Lot shall be exercised as they determine, but in no event

shall more than one (1) vote be cast with respect to any one (1) Lot. If more than one vote is cast for a particular Lot, none of those votes shall be counted and those votes shall be deemed void.

The vote for any Lot must be cast as a single vote. Fractional votes shall not be allowed.

C. Voting Representative

There shall be one (1) voting representative of each Lot. Declarant shall be the voting representative for each Lot owned by Declarant. Each individual Owner shall be the voting representative for each Lot owned by such Owner. Declarant and Owners may designate a voting representative other than themselves who need not be an Owner by written notice to the Board. Such designation shall be revocable at any time by actual notice to the Board.

5. Bylaws of Association

A. Adoption of Bylaws

Bylaws for the administration of the Association and the Property shall be adopted by the Owners at a regular or special meeting or by the Board. Declarant may adopt the initial Bylaws. Amendments to the Bylaws may be adopted by the Owners at a regular or special meeting, provided notice of the time, place and purpose of such meeting shall be delivered to each Owner at least ten (10) days prior to such meeting.

B. Provisions of Bylaws

The Bylaws shall be deemed to contain provisions identical to those provided in this Declaration, and may contain supplementary provisions not inconsistent with the provisions in this Declaration. To the extent any inconsistencies arise between the Bylaws and the Declaration, the Declaration shall control. The Bylaws shall establish such provisions for quorum, ordering of meetings and giving of notices as may be required for the proper administration of the Association and the Property.

ARTICLE IV.

MANAGEMENT OF ASSOCIATION

1. Administration of the Property

The Owners covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration and the Bylaws.

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2. Management by Declarant

Declarant or a managing agent selected by Declarant shall have the power and authority to exercise all the rights, duties and functions of the Board, including but not limited to enacting reasonable administrative rules, contracting for required services, property and insurance, and collecting and expending all assessments and Association funds, until the earlier of:

a. one hundred twenty (120) days after all Class B membership terminates; or

b. the date on which Declarant elects to permanently relinquish all of its authority under this section by written notice recorded in the Thurston County Auditor's office.

3. Management by Advisory Board

Declarant may select an Advisory Board comprised of Owners. This Advisory Board shall have full authority and all rights, responsibilities, privileges, and duties to manage the Property as may be delegated from time to time by the Declarant, and shall be subject to all provisions of this Declaration and the Bylaws. Declarant may at any time terminate this Advisory Board.

4. Management by Elected Board

At the expiration of Declarant's management authority as defined above, administrative power and authority shall vest in the Board elected by the Owners. The number, term, duties and powers and all matters relating to the organization of the Board shall be specified in the Bylaws. The Board may delegate all or any portion of its administrative duties to a manager, a managing agent or as may be provided in the Bylaws.

ARTICLE V.

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COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessment

The Declarant, for each Lot, hereby covenants, and each Owner by acceptance of a deed or other conveyance for any Lot, whether or not it shall be so expressed in such deed, is deemed to personally covenant and agree to pay to the Association:

(a) annual assessments or charges; and

(b) special assessments for capital improvements, reconstruction or other purposes.

The annual and special assessment shall be established and collected as hereinafter provided. The annual and special assessments or charges, together with interest, costs, and

reasonable attorney's fees incurred in the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made.

2. Purpose of Assessments

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement and maintenance of the Common Area.

3. Maximum Annual Assessment

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Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Sixty Dollars (\$60.00) per Lot.

From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year without a vote of membership as long as such increase is not more than five (5) percent above the maximum assessment for the previous year.

From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by an amount greater than five (5) percent above the maximum assessment for the previous year only by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

The Board may fix the annual assessment at an amount not in excess of the maximum assessment.

4. Special Assessments for Capital Improvements

In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

5. Notice of Quorum for Any Action Authorized Under Sections 3 and 4

Written notice of any meeting called for the purpose of voting on any action requiring a two-thirds (2/3) vote under Section 3 or 4 shall be sent to all members of the Association not less than thirty (30) days nor more than sixty (60) days before the meeting. At the first such meeting called, the presence of members or of

proxies entitled to cast forty (40) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

6. Uniform Rate of Assessment

Both annual and special assessments must be fixed at uniform rate for all Lots and may be collected on a monthly basis.

7. Date of Commencement of Annual Assessments

The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner. The due dates shall be established by the Board. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

8. Effect of Nonpayment of Assessment and Remedies of the Association

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six (6) percent per annum. The Association may foreclose the lien against the Lot by judicial or nonjudicial procedures, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot.

9. Subordination of Assessment Liens to Mortgages

Any lien upon a Lot for assessments created under this Declaration shall be subject and subordinate to any security interest perfected by a first deed of trust or mortgage granted in good faith and for fair value upon such Lot. The sale or transfer of any Lot pursuant to foreclosure, or to any proceeding in lieu thereof, of any such deed of trust or mortgage shall extinguish any such subordinate lien for accrued assessments. No such sale or transfer, however, shall relieve such Lot from liability for any assessments becoming due after such sale or transfer or from the lien therefor.

10. Subsidy by Declarant

During the period in which the Declarant retains the authority under these Declarations and the Bylaws to elect a majority of the Board, the Declarant shall subsidize the Association to the extent that the expenses of the Association exceed the revenues raised by the collection of assessments.

ARTICLE VI.

ARCHITECTURAL CONTROL

1. Improvements Subject to Architectural Control

No clearing, grading, construction or placing of any building, fence, wall, substantial landscaping or other improvement shall be commenced or executed upon the Property, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee (the "Committee") in its sole discretion as to harmony of external design and location in relation to surrounding structures and topography. In the event the Committee fails to approve or disapprove of such design and location within thirty (30) days after such plans and specifications are submitted to it for approval, approval shall not be required and compliance with this Article shall be deemed to have been met.

Except that, any and all construction of improvements performed by Declarant shall not be subject to this provision.

2. Qualifications, Number and Term of Members of the Architectural Control Committee

The Committee shall be composed of three (3) or more persons appointed by the Board to serve until removed by the Board. The members of the Committee need not be members of the Association.

Except that, Declarant in its sole capacity shall have the right to exercise all the powers and duties of the Committee until ninety (90) percent of all Lots are sold.

3. Purpose

The purpose of the Committee is to protect and preserve the property value of the Lots and improvements thereon by preventing unsightly conditions and unsuitable improvements from existing on the Property.

4. POWERS

The Committee shall have the right to:

(a) establish guidelines, procedures and requirements for the construction or alteration of any and all improvements to be erected or placed on any Lot or building site on the Property, including but not limited to requirements for elevation plans, specifications, plot plan, lot grading plans, workmanship and materials, height restrictions and building setback restrictions;

(b) review plans and specifications and other materials submitted in connection with the construction or alteration of any improvements on the Property and approve or disapprove such submittals in the context of the guidelines, procedures and requirements established by the Committee; and

(c) recommend and approve the construction of walls, rockeries, fences, or other structures for the purpose of screening portions of the Property from public view, minimizing noise factors, increasing aesthetic value or for other reasons that would contribute to the enjoyment, convenience and benefit of all Owners, and establish the requirements for the size, height, plans and specifications, color and materials of such structures.

5. Procedure for Architectural Committee Approval

The following procedures shall be applicable in obtaining approval from the Committee for any construction or alteration subject to the requirements described in this Article:

A. Request for Approval

Requests for approval shall be submitted to the Committee at the Association headquarters or at the address specified by the Committee in a Notice of Change of Address which shall be recorded in the Department of Records and Elections in Thurston County, Washington.

Each request for approval shall be accompanied with all the plans and specifications required by the Committee.

B. Review By Committee

Within thirty (30) days of the submission of the request for approval, the Committee shall review the application and give its approval or disapproval, and in the case of disapprovals, shall set out specific reasons for the disapproval in reasonable detail.

C. Limitation

If any construction or alteration subject to this Article is made without Committee approval, the Committee shall have six (6) months from the date of completion of such construction or alteration to require compliance with this Article. If the Committee fails to provide written notice of such requirement within such time, Committee approval of such construction or alteration shall not be required and compliance with this Article shall be deemed to have been met.

6. Nonliability for Approval of Plans

Committee approval of plans shall not constitute a representation, warranty or guarantee, whether express or implied, that such plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such plans and specifications neither the Committee, the members thereof, the Association, any member thereof, the Board nor Declarant assumes any liability or responsibility therefore, or for specifications. Neither the Committee, any member thereof, the Association, the Board nor Declarant shall be liable to any member, Owner, occupant, or other person or entity for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, or (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications.

7. Declarant Exemption

The Committee shall have no authority, power or jurisdiction whatsoever over any Lots owned by Declarant. This Article shall not be amended without Declarant's written consent set forth on the amendment.

ARTICLE VII.

RESTRICTIONS APPLICABLE TO THE PROPERTY

1. The following restrictions are applicable to all Properties:

A. All roofing material shall be composition, tile or approved equal.

B. All siding material shall be wood or brick, unless approved by the Committee.

C. No living unit shall be less than 1,000 square feet in living area, exclusive of garage.

D. Any outbuilding and/or storage shed built on each Lot shall be limited to 1 per Lot and limited in size to 100 square feet total floor area and no higher than 8 feet in height from the lowest ground level to the highest peak of its roof, and shall be finished in materials matching those of the house built on each such Lot and shall comply with all applicable zoning and building codes. If the Owner desires to paint such building and/or storage shed, the Owner shall use colors matching the house built on each such Lot.

E. All playground equipment on each Lot and in the Common Area, shall be limited in height to no higher than 10 feet.

F. No mobile, manufactured or modular housing shall be permitted except as otherwise provided by this Declaration.

G. All driveways and parking bays shall be constructed of concrete or asphalt paving.

H. The location, color, size, design, lettering and other particulars of mail or paper delivery boxes shall be subject to the approval of the Committee.

I. No satellite dishes or other outside television, radio and ham radio antennas shall be installed without prior approval of the Committee.

J. No outside overhead wire or service drop for the distribution of electric energy or for telecommunication purposes nor any pole, tower or other structure supporting said outdoor overhead wires shall be erected, placed or maintained upon the Property. Only underground service wires shall be used to connect to the underground electric or telephone utility facilities.

K. All fences shall be constructed of wood or Committee-approved substitute material. No solid fence shall be constructed beyond the front building setback line or beyond the side building setback lines, in the case of corner Lots; only ornamental fences shall be allowed in such areas.

L. All boats, boat trailers, travel trailers, motorized and non-motorized campers and other such recreational vehicles shall be stored behind the primary structure or, if stored beside the primary structure, be sight-screened, unless a variance is granted by the Committee. No car, inoperative for reasons of mechanical failure, shall be parked outside of a garage and/or stored on any Lot or in the street right-of-way for more than 72 hours.

M. Except for subdivision or neighborhood identification signs at entrances stating only the name of the subdivision or neighborhood, no sign of any kind shall be displayed on any Lot, except one (1) professional sign of not more than five

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(5) square feet in size advertising the Lot and improvements thereon for sale or rent, or signs used by a builder to advertise the Lot and improvements during the construction and sales period.

N. Any improvements or structure erected or placed on any Lot in this subdivision shall be completed as to external appearance, including without limitation painting, within nine (9) months from the date of the start of construction, unless the Committee grants an extension after receipt of a written request therefor.

2. Waiver or Modification of Restrictions

The Committee may by written determination waive or modify any restriction contained in this Article if the Committee finds that an extreme hardship may be imposed by a restriction and if a waiver or modification of such restriction would not have a significant adverse effect on the Property or the general plan of the development; provided that any waiver or modification shall apply only to the specific Lot and restriction set forth in the written determination.

3. Right of Entry for the Purpose of Verifying Compliance with Restrictions

Any agent or officer of the Association may during regular business hours and upon twenty-four (24) hours' prior notice enter and inspect any Lot and the improvements thereon to determine compliance with the provisions of this Article. The Association, and any of its agents and officers, shall not be deemed guilty of trespass or liable for any reason for such entry or inspection.

4. Evidence of Compliance With Restrictions

Records of the Association with respect to compliance with the provisions of this Article shall be conclusive evidence as to all matters shown by such records. After the expiration of six (6) months following the completion of any construction, addition, alteration or change to any improvement or structure, in the absence of any notice to comply or in the absence of any suit to enjoin such work within said period, then such improvement or structure shall be deemed to be in compliance with the provisions of this Article.

ARTICLE VIII.

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MAINTENANCE OBLIGATIONS OF OWNER

1. Maintenance of Exteriors

Each Owner shall maintain his or her entire Lot and the improvements and structures thereon in a neat and safe condition, satisfactory to the Board. Satisfactory yard landscaping should be

completed within nine (9) months of an Owner's purchase of a Lot. In the event an Owner fails to comply with the requirements of this Article, the Association, after approval by two-thirds (2/3) vote of the Board, shall have the right through its agents and employees, to enter upon such Lot to repair, maintain and restore the Lot and the exterior of the improvements and structures thereon. The cost of such exterior maintenance shall be added to and become a part of the assessment to which such Lot is subject.

2. Owner's Obligation To Maintain Certain Plantings

When the Association has permitted an Owner to plant a portion of the Common Area abutting the Owner's Lot, according to the Owner's landscaping design, the Owner shall thenceforth be obligated to maintain that portion of the Common Area encompassed by Owner's landscaping design. The Association shall have the right to elect to maintain such landscaped area and to charge the expense for the maintenance to the Owner as an assessment to be collected in the manner provided in Article V. Such right shall be exercised only after reasonable notice to the Owner.

"Reasonable notice," as that term is used in this Article, shall mean mailing certified mail to the last known address of the Owner shown on the books of the Association not less than ten (10) days before entry on such Owner's Lot is made or maintenance of Owner's landscaping in the Common Area is undertaken as provided in this Article.

ARTICLE IX.

MAINTENANCE OBLIGATIONS OF ASSOCIATION

The Association shall maintain and repair in a safe and clean manner and in conformance with all applicable laws, codes and regulations (including the Open Space Maintenance and Operations Manual and Maintenance Schedule attached hereto as Exhibit A) the Common Area, all facilities and improvements located upon the Common Area, the entrance monument and surrounding landscape, any fence constructed upon the perimeter boundary of the Property, and any drainage or storm retention pond constructed by the Association upon the Property.

ARTICLE X.

RESTRICTION ON USE OF PROPERTY BY OCCUPANTS

The following restrictions shall apply to the use of the Property:

- A. No Lot shall be used except for residential purposes. Temporary, "model home" real estate sales offices shall be considered a residential use until all houses have been built and sold on all Lots.

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B. In addition to those easements for installation and maintenance of utilities, drainageways and drainage facilities reserved as shown on the recorded plat, each Lot shall be subject to an easement of 10 feet on the front property line for underground utility lines and distribution system, and to easements of 2.5 feet on each side property line of the Lot and of 10 feet on the rear property line of the Lot for drainage purposes. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainageways in the easement areas. The easement area in each Lot and all improvements thereon shall be maintained continuously by the Owner, except for those improvements whose maintenance is the responsibility of a public authority or utility company.

C. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may become an annoyance or nuisance to any other Owner.

D. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or any other out-building shall be used on any Lot at any time as a residence, either temporarily or permanently.

E. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose.

F. No Lot shall be used or maintained for dumping for any material. Trash, garbage or other waste shall not be kept, except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

G. No individual water supply system shall be permitted on any Lot.

H. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind; no oil wells, tanks tunnels, mineral excavations or shafts; no derricks or other structures designed for use in boring for oil or natural gas shall be permitted, erected or maintained in or upon any Lot.

I. No individual sewage disposal system shall be permitted on any Lot.

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**ARTICLE XI.
GENERAL PROVISIONS**

1. Enforcement

The Association or any Owner shall have the right to enforce by any proceeding at law or in equity all covenants, conditions, restrictions, liens or charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any such provision shall in no way be deemed a waiver of the right to do so thereafter.

2. Severability

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Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

3. Term

The covenants and restrictions of this Declaration shall run with and bind the Property, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

4. Amendments by Declarant

During the period in which Declarant retains the authority to elect a majority of the directors of the Association, Declarant may amend this Declaration by an instrument in writing filed and recorded in the Land Records of Thurston County, Washington, without the approval of any member or mortgagee; provided, however, that: (i) in the event that such amendment materially alters or changes any Owner's right to the use or enjoyment of such Owner's Lot or of the Common Area as set forth in this Declaration or if such amendment adversely affects the title to any Lot, such amendment shall be valid only upon the written consent of two-thirds (2/3) of the then-existing members affected thereby; or (ii) in the event that such amendment would materially and adversely affect the security of any mortgagee, such amendment shall be valid only upon the written consent thereto of two-thirds (2/3) of the mortgagees so affected. Any amendment made pursuant to this section shall be certified by Declarant as having been duly approved by Declarant and such members and mortgagees, if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Lot, agrees to be bound by any amendment permitted by this section and further agrees that, if requested to do so by Declarant, such Owner shall consent in writing to any amendment:

(i) if such amendment is necessary to bring any provision into compliance or conformity with the provisions of any applicable

governmental statute, rule or regulation or any judicial determination which shall be in conflict therewith;

(ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots;

(iii) if such amendment is required by any governmental mortgage agency to enable such entity to make or purchase mortgage loans on any Lot;

(iv) if any such amendment is necessary to enable any governmental agency or reputable title insurance company to insure mortgage loans on the Lots; or

(v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration.

5. Amendments by Association

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Amendments to this Declaration, other than those authorized by Section 4 above, shall be proposed and adopted in the following manner:

a. Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each member of the Association.

b. At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board or by members of the Association. Such amendment must be approved by members holding at least two-thirds (2/3) of the total votes in the Association, provided that: (i) any amendment which materially and adversely affects the security of any mortgagee must be approved by such mortgagee, and (ii), during any period in which Declarant has the authority to elect a majority of directors of the Association, such amendment must be approved by Declarant.

c. The agreement of the required percentage of the Owners and, where required, the Declarant and any mortgagee to any amendment of this Declaration shall be evidenced by their execution of such amendment or, in the alternative, and provided that Declarant does not then have the right to approve such amendment the sworn statement of the President and any Vice President or Secretary of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement shall state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded or at such later date as may be specified in the amendment itself.

6. City Approval of Amendments

The Association shall notify the City of Lacey of any meeting called for the purpose of approving any amendment to this Declaration pursuant to Section 5 above, and shall provide the City with a copy of the proposed amendment. Any such amendment shall be subject to the prior approval of the City; provided that if the City of Lacey fails to approve or disapprove any amendment submitted to it within thirty (30) days of submittal, the City's approval shall be considered given.

7. Attorney-in-Fact

Each Owner, by acceptance of a deed or other conveyance to a Lot, shall irrevocably appoint the Association as his or her attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the Property, to deal with the Property upon damage or destruction, and to secure insurance proceeds.

ARTICLE XII.

MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers or guarantors of first deeds of trust or mortgages encumbering Lots. The provisions of this Article apply to both the Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

1. Notices of Action

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An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the residence number, therefore becoming an "eligible holder"), shall be entitled to timely written notice of:

a. any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a first mortgage held, insured, or guaranteed by such eligible holder;

b. any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;

c. any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

d. any proposed action which would require the consent of a specified percentage of eligible mortgagees.

2. Special Governmental Mortgage Agency Provisions

So long as required by a Governmental Mortgage Agency, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the total members of the Association entitled to vote thereon consent, the Association shall not:

a. by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

b. change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Lot;

c. by act or omission change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residences, Lots and of the Common Area. (The issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision.)

d. fail to maintain insurance as required by this Declaration; or

e. use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

3. Right To Pay Delinquent Charges

Failure of an Owner to pay assessments levied by the Association shall not constitute a default under an insured mortgage. First mortgagees may, however, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement for the Association. Mortgagees shall have no obligation to collect assessments from Owners.

4. No Priority

No provision of this Declaration or Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot in the cases of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

5. Amendment by Board

Should any Governmental Mortgage Agency subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board of Directors, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

6. HUD or Veterans Administration Approval

The following actions shall require the prior approval of HUD or the Veterans Administration so long as HUD or the Veterans Administration is guaranteeing any mortgage in the Development:

- a. annexation of additional property to the Development, except for annexation by Declarant pursuant to a plan of annexation previously approved by HUD or the Veterans Administration;
- b. dedication of Common Areas to any public entity; and
- c. material amendment of the Declaration, Bylaws or Articles of Incorporation.

7. Failure of Mortgagee To Respond

Any mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the mortgagee within thirty (30) days of the date of the Association's request.

8. Association Books and Records

The Association shall make available to first mortgagees of Lots, and insurers or guarantors of any such first mortgage, current copies of this Declaration, and the Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

9. Mortgage Provisions Regarding Breach

A breach by an Owner of any of the covenants, conditions and restrictions contained herein shall not affect, impair, defeat or render invalid the lien, charges or encumbrance of any first mortgage made for value which may then exist on any Lot; provided, however, that in the event of a foreclosure of any such first mortgage, or if the holder of the note secured by such first mortgage acquires title to a Lot in any manner whatsoever in satisfaction of the indebtedness, then the purchaser at the foreclosure sale or note holder acquiring title in lieu thereof shall, upon acquiring title, become subject to each and all of the covenants, conditions and restrictions contained herein, but free from the effects of any breach occurring prior thereto.

10. Professional Management

In the event that Declarant or the Association enters into any contract with any person or entity to provide management or maintenance services to the project, such contract shall not exceed a reasonable term and shall provide that the Association shall have the right to terminate the contract for cause upon thirty (30) days' written notice and without cause upon ninety (90) days' written notice, without payment of a termination fee or penalty.

DATED: 12-1, 1993.

CENTEX REAL ESTATE CORP., WASHINGTON
DIVISION, a Nevada corporation

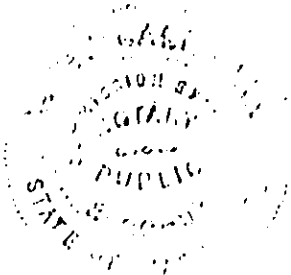
By 
Division President

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STATE OF WASHINGTON)
)
COUNTY OF King) ss.

On this day personally appeared before me Robert J. Fogarty who I know to be, or have satisfactory evidence that he is the President of CENTEX REAL ESTATE CORP., WASHINGTON DIVISION; who, under oath, stated that he was authorized to sign on its behalf the within and foregoing DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PARKSIDE; and acknowledged it to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned.

DATED: 12-1-93



Cathy Callahan
(Signature)

Cathy Callahan
(Please print name legibly)

NOTARY PUBLIC in and for the State
of Washington, residing at
Everett
My commission expires: 2-22-97.

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**EXHIBIT A
TO THE DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PARKSIDE**

Open Space Maintenance and Operation Manual

The storm drainage collection and conveyance system consists of catch basins and tightline storm drains. The water quality treatment system consists of a wetpond containing an impermeable liner with appropriate vegetation for the bottom and side slopes of the pond. The wetpond contains slopes ranging from 4:1 to 7:1 to the pond bottom. The stormwater retention/detention system consists of an open infiltration pond which has been designed to provide storage for the 100-year storm event based on the Thurston County Drainage Design & Erosion Control Manual. The pond is irregular shaped and contains slopes ranging from 3:1 to 5:1 to the pond bottom.

The recommended maintenance schedule for sediment removal, cleaning of the system, and inspections for the collection and conveyance system, the wetpond, and the infiltration pond are indicated as follows:

1. Storm Drainage Collection and Conveyance System. All catch basins and tightline conveyance system located within the public right-of-way are recommended to be inspected and sedimentation removed from the catch basins on a yearly basis. Any system located within the public right-of-way, will be inspected and maintained by the City of Lacey Public Works Department. Catch basins shall be maintained more often if more than 1/3 of the depth to the lowest invert is silted. Catch basins shall be repaired if the frame is out of flush by 3/4" or more or if structural damage has occurred to the structure. Pipes shall be cleaned if sediment depths exceed 20% of the diameter.
2. Wetpond Maintenance. In order for the wetpond to maintain proper operation and for removal of pollution, accumulated silt and debris from the bottom of the pond, it will need to be cleaned on a yearly basis. A bi-yearly inspection of the pond should be performed as well as after any major storm event to verify that the pond is operating as designed and no obstructions are blocking the inlets and outlets of the storm system. The wetpond will be privately owned and maintained by the Homeowners' Association and they will be responsible for the maintenance of the wetpond.
3. Infiltration Pond. Similar to the wetpond, the infiltration pond should be inspected on a bi-yearly basis to verify that siltation buildup along the bottom and side slopes have not reduced the infiltration capability of stormwater through the pervious sandy, gravelly material. The infiltration pond should be inspected at the end of each summer prior to the winter season and again in the spring just after the rainy season with siltation buildup being removed from the pond at this time. The pond should also be inspected after major storm events so that any required maintenance can be completed prior to the next storm event. Maintenance of the infiltration pond will be the responsibility of the Homeowner's Association. The infiltration pond shall be cleaned more often if the volume of the system falls below 90% of design capacity.

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**BYLAWS
OF
PARKSIDE LACEY HOMEOWNERS ASSOCIATION**

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ARTICLE 1 OFFICES

The principal office and place of business of Parkside Lacey Homeowners Association (the "Association") in the state of Washington shall be located at 2320 130th Avenue N.E., #200, Bellevue, Washington 98005.

The Association may have such other offices within or without the state of Washington as the Board of Directors may designate or the Association may require from time to time.

ARTICLE 2 DEFINITIONS

2.1 "Association" shall mean Parkside Lacey Homeowners Association, a Washington nonprofit corporation, its successors and assigns.

2.2 "Board" shall mean the Board of Directors of the Association as provided for in these Bylaws.

2.3 "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, and shall in all events exclude each of the Lots.

2.4 "Declarant" shall mean Centex Real Estate Corporation, Washington Division, a Nevada corporation, and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant.

2.5 "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for Plat of Parkside and any amendments thereto.

2.6 "Lot(s)" shall mean any plot of land described in and shown on any recorded subdivision map of the Property, excluding the Common Area and areas deeded to governments or public agencies.

2.7 "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot in the Property including any person or entity holding a vendee's interest under a real estate contract for the sale of any such Lots, but excluding those having such interest merely as security for the performance of an obligation.

2.8 "Property" shall mean the Plat of Parkside recorded in Volume 26 of Plats, Page 90 in Thurston County, Washington under Thurston County Auditor's File Number 9311190256, and such additional property as may hereafter be brought within the jurisdiction of the Association.

ARTICLE 3 NUMBER OF DIRECTORS

The Board of Directors of the Association shall consist of three (3) directors, subject to the provisions of Article 5.

ARTICLE 4 MEMBERS

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4.1 Classes of Members. The membership of the Association shall consist of two classes of members, to be designated as "Class A" members and "Class B" members.

4.2 Class A Members. Class A members of the Association shall be all Owners, except Declarant.

4.3 Class B Members. Class B members of the Association shall be Declarant, its successors and assigns, as defined in the Declaration.

4.4 Termination of Membership. Membership of any Class A or Class B member terminates when the member no longer holds any right, title or interest in any Lot.

4.5 Annual Meeting. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter. If the day fixed for the annual meeting shall be a legal holiday in the state of Washington, the meeting shall be held on the next succeeding business day.

4.6 Special Meetings. Special meetings of the members for any purpose or purposes unless otherwise prescribed by statute may be called by the President, by the Board, or by the written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership.

4.7 Place of Meetings. Meetings of the members shall be held at either the principal office of the Association or at such other place within or without the state of Washington as the Board or the President may designate.

4.8 Membership List. At least ten (10) days before each meeting of the members, the officer or agent having charge of the membership list of the Association shall prepare an alphabetical list of all members who are entitled to vote at the meeting or any

adjournment thereof, with the address of each member. Such alphabetical membership list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member, member's agent or member's attorney during the meeting. Failure to comply with the requirements of this section shall not affect the validity of any action taken at the meeting. Under no circumstances may the membership list be sold to third parties.

4.9 Notice of Meetings. Written or printed notice stating the date, time and place of a meeting of members and, in the case of a special meeting of members, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the President, the Secretary, or the officer or persons calling the meeting to each member of record entitled to notice of or to vote at such meeting, not less than ten (10) days and not more than sixty (60) days before the meeting. Except that notice of a meeting to act on an amendment to the Articles of Incorporation, a plan of merger, a proposed sale, lease, exchange or other disposition of all or substantially all of the assets of the Association other than in the usual course of business, the dissolution of the Association, an increase in the annual assessment by an amount greater than five (5) percent above the maximum assessment for the previous year, or the levy of any special assessment shall be given not less than thirty (30) days and not more than sixty (60) days before the meeting. Written notice shall be delivered by first-class mail, contract carrier, personal delivery or facsimile. Such notice shall be effective upon dispatch if sent to the member's address, telephone number or other number for such member appearing on the records of the Association.

If an annual or special members' meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment, unless a new record date is or must be fixed. If a new record date for the adjourned meeting is or must be fixed, however, notice of the adjourned meeting must be given to persons who are members as of the new record date.

4.10 Waiver of Notice. A member may waive any notice required to be given under the provisions of these Bylaws, the Articles of Incorporation or by applicable law, whether before or after the date and time stated therein. A valid waiver is created by any of the following three methods: (a) in writing signed by the member entitled to the notice and delivered to the Association for inclusion in its corporate records; (b) by attendance at the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; or (c) by failure to object at the time of presentation of a matter not within the purpose or purposes described in the meeting notice.

4.11 Manner of Acting: Proxies. A member may vote either in person or by proxy. A member may vote by proxy by means of a proxy appointment form which is executed in writing by the member or by

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his or her duly authorized attorney-in-fact. All proxy appointment forms shall be filed with the Secretary of the Association before or at the commencement of meetings. No unrevoked proxy appointment form shall be valid after eleven (11) months from the date of its execution unless otherwise expressly provided in the appointment form. No proxy appointment may be effectively revoked until notice in writing of such revocation has been given to the Secretary by the member appointing the proxy.

4.12 Participation by Conference Telephone. At the discretion of the Board, members and proxies may participate in a meeting of the members by any means of communication by which all persons participating in the meeting can hear each other during the meeting, and participation by such means shall constitute presence in person at the meeting.

4.13 Quorum. At any meeting of the members, attendance by forty (40) percent of all the members entitled to vote on a matter shall constitute a quorum of that voting group for action on that matter. Once a member is present or represented at a meeting, other than to object to holding the meeting or transacting business, the member is deemed to be present for purposes of a quorum for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be fixed for the adjourned meeting. At such reconvened meeting, any business may be transacted which might have been transacted at the adjourned meeting. If a quorum exists, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the question is one upon which a different vote is required by express provision of law or of the Articles of Incorporation or of these Bylaws.

4.14 Voting for Directors. Unless otherwise provided in the Articles of Incorporation, in any election of directors, the candidates elected are those receiving the largest numbers of votes cast by the members entitled to vote in the election, up to the number of directors to be elected by such members.

4.15 Action by Members Without a Meeting. Any action which may or is required to be taken at a meeting of the members may be taken without a meeting if one or more written consents setting forth the action so taken shall be signed, either before or after the action taken, by all the members entitled to vote with respect to the subject matter thereof. Action taken by written consent of the members is effective when all consents are in possession of the Association, unless the consent specifies a later effective date. Whenever any notice is required to be given to any member pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to notice, shall be deemed equivalent to the giving of notice.

ARTICLE 5 BOARD OF DIRECTORS

5.1 General Powers. The business and affairs of the Association shall be managed by its Board of Directors.

5.2 Number, Tenure and Qualification. The number of directors set forth in Article 3 of these Bylaws may be increased or decreased from time to time by amendment to these Bylaws or by two-thirds (2/3) vote of the members entitled to vote, provided that the number of directors shall not exceed five (5). No decrease shall have the effect of shortening the term of any incumbent director, unless such director resigns or is removed in accordance with the provisions of these Bylaws. Except as classification of directors may be specified by the Articles of Incorporation and unless removed in accordance with these Bylaws, each director shall hold office for one (1) year until the next annual meeting or until a successor shall have been elected and qualified. Directors may be elected to serve more than once, but no director may serve more than two (2) consecutive terms. Directors need not be residents of the state of Washington nor members of the Association.

5.3 Nomination of Directors. Nomination for election to the Board may be made by a nominating committee established by the Board or by any member from the floor at the annual meeting of members.

5.4 Election of Directors. At the first annual meeting of members and at each annual meeting of members as long as the Class B membership exists, the Class B membership shall elect all directors. After the Class B membership is terminated, the Class A membership at each annual meeting of members shall elect all directors. A member may cast as many votes for each vacancy as he or she is entitled to under the Declaration. Cumulative voting shall not be permitted.

5.5 Removal of Directors. Directors may be removed, with or without cause, from office by a majority vote of the members entitled to vote in person or by proxy at a meeting called for such purpose. In the event of death, resignation or removal of a director, his or her successor shall be appointed by the remaining members of the Board and shall serve for the unexpired term.

5.6 Annual and other Regular Meetings. An annual meeting of the Board shall be held without notice other than this Bylaw, immediately after and at the same place as the annual meeting of members. The Board may specify by resolution the time and place, either within or without the state of Washington, for holding any other regular meetings of the Board.

5.7 Special Meetings. Special meetings of the Board may be called by the Board, the President, the Secretary or any director. Notice of special meetings of the Board stating the date, time and place thereof shall be given at least three (3) days prior to the date set for such meeting by the person or persons authorized to

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call such meeting, or by the Secretary at the direction of the person or persons authorized to call such meeting. The notice may be oral or written. Oral notice may be communicated in person or by telephone. Oral notice is effective when communicated. Written notice may be transmitted by first-class mail, contract carrier, personal delivery or facsimile. Written notice is effective upon dispatch if such notice is sent to the director's address, telephone number or other number appearing on the records of the Association for such director. If no place for such meeting is designated in the notice, the meeting shall be held at the principal office of the Association. Any director may waive notice of any meeting at any time. Whenever any notice is required to be given to any director pursuant to applicable law, a waiver in writing signed by such director shall be deemed equivalent to the giving of notice. The attendance of a director at a meeting shall constitute a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened. Unless otherwise required by law, neither the business to be transacted at nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

5.8 Quorum. A majority of the number of directors specified in or fixed in accordance with these Bylaws shall constitute a quorum for the transaction of any business at any meeting of directors. If less than a majority shall attend a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and a quorum present at such adjourned meeting may transact business.

5.9 Manner of Acting. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board, unless the question is one upon which a different vote is required by express provision of law or of the Articles of Incorporation or of these Bylaws.

5.10 Participation by Conference Telephone. Directors may participate in a regular or special meeting of the Board by, or conduct the meeting through the use of, any means of communication by which all directors participating can hear each other during the meeting and participation by such means shall constitute presence in person at the meeting.

5.11 Presumption of Assent. A director who is present at a meeting of the Board at which action is taken shall be presumed to have assented to the action taken unless such director's dissent shall be entered in the minutes of the meeting or unless such director shall file his written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

5.12 Action by Board Without a Meeting. Any action permitted or required to be taken at a meeting of the Board may be taken without a meeting if one or more written consents setting forth the action so taken, shall be signed, either before or after the action taken, by all the directors. Action taken by written consent is effective when the last director signs the consent, unless the consent specifies a later effective date.

5.13 Resignation. Any director may resign at any time by delivering written notice to the President, the Secretary, or the registered office of the Association, or by giving oral notice at any meeting of the directors or members. Any such resignation shall take effect at any subsequent time specified therein or, if the time is not specified, upon delivery thereof. Acceptance of a resignation is not necessary to make it effective.

5.14 Compensation. No director shall receive compensation for any service he or she may render to the Association. However, by resolution of the Board, the directors may be paid for reasonable expenses incurred in connection with attendance at meetings of the Board or a committee thereof.

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ARTICLE 6 POWERS AND DUTIES OF THE BOARD

6.1 Powers. The Board, on behalf of and acting for the Association and for the benefit of the Property and the Owners, shall have all the powers and authority granted to it under the Declaration, including but not limited to the following:

6.1.1 Rules and Regulations. Adopt and publish reasonable rules and regulations governing the use of Common Areas and facilities, and the personal conduct of the members and their guests, and establish reasonable penalties for the infraction thereof;

6.1.2 Suspension of Voting Rights. Suspend any member's voting rights and right to use the recreational facilities during any period in which such member shall be in default in the payment of any assessment levied by the Association or in violation of the Declaration, Articles of Incorporation, Bylaws, or other applicable law, rule or regulation;

6.1.3 Assessments. Establish and collect regular assessments and special assessments sufficient to carry out its duties hereunder and maintain an adequate reserve for the maintenance, repair and replacement of those portions of the Common Areas and facilities which must be maintained, repaired or replaced on a periodic basis;

6.1.4 Services. Obtain the services of persons or firms as required to properly manage the Property to the extent deemed advisable by the Board, including legal and accounting services, property management services, as well as such other

personnel as the Board shall determine are necessary or proper for the operation of the Common Area and facilities;

6.1.5 Utilities. Obtain water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility service, including utility easements, as required for the Common Area and facilities;

6.1.6 Insurance. Obtain and pay for policies of insurance or bonds providing casualty and liability coverage for the Common Area and facilities and, as permitted by the Articles of Incorporation, for directors, officers, employees and agents of the Association;

6.1.7 Maintenance and Repair of Common Area. Pay for the costs of painting, maintenance, repair, landscaping and gardening work, fences, equipment and furnishings for the Common Area and facilities, including repairing and painting any fence constructed on the perimeter boundary of the Property, and such furnishings, materials and equipment as the Board shall determine are necessary and proper to maintain and keep the Property in a good, clean, attractive, sanitary and safe condition and in full compliance with applicable laws, rules and regulations and the provisions of the Declaration;

6.1.8 Lien/Encumbrance. Pay any amount necessary to discharge any lien or encumbrance levied against the Common Area, facility or other property owned by the Association, and charge the cost thereof to any one or more Owners responsible for the existence of such lien or encumbrance;

6.1.9 Enforce Declaration. Enforce the applicable provisions of the Declaration for the management and control of the Property;

6.1.10 Financial Statements. Prepare or cause to be prepared at least annually a balance sheet and an income and expense statement for the Association, copies of which shall be distributed to each Owner. The income and expense statement shall include a schedule of assessments received and receivable, identified by the number of the Lot and the name of the Owner so assessed; and, if it deems it necessary, require that an external audit be prepared annually by an independent public accountant;

6.1.11 Acquisition of Property. Acquire and hold in the name of the Association, for the benefit of the Owners, personal property and real property and interests therein, and dispose of the same by sale or otherwise; provided no such acquisitions (including capital additions and improvements, but excluding the making of repairs, restoration and replacement of portions of the Common Area) are made in any twelve (12) month period in excess of Five Thousand Dollars (\$5,000) without the majority vote of the Owners, or in excess

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of Twenty-Five Thousand Dollars (\$25,000) without the seventy-five (75) percent affirmative vote of the Owners;

6.1.12 Enter Upon Lots. Enter or cause an agent to enter upon any Lot when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies, which entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board out of the common expense fund if the entry was due to an emergency or for the purpose of maintenance or repairs to Common Areas;

6.1.13 Borrow Funds. In the discharge of its duties and the exercise of its powers, but subject to the limitations set forth herein and in the Declaration, borrow funds on behalf of the Association and, to secure the repayment thereof, encumber the Common Area and facilities and other assets owned by the Association;

6.1.14 Exercise Powers of Association. Subject to the provisions of the Declaration, exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration; and

6.1.15 Adopt Amendments. Adopt additional bylaws and rules and regulations governing the Association and Owners; provided that in the event of conflict between the Declaration and any such additional bylaws or rules and regulations, the Declaration shall prevail.

6.2 Duties. The Board, on behalf of and acting for the Association and for the benefit of the Property and the Owners, shall:

6.2.1 Records. Keep a complete record of its acts and corporate affairs, and present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

6.2.2 Supervise. Supervise all officers, agents and employees of the Association and see to the proper performance of their duties;

6.2.3 Assessments. As more fully provided in the Declaration:

a. Fix the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

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b. send written notice of each assessment to each Owner subject thereto;

c. in a timely fashion, foreclose the lien against any Lot for which assessments are not paid, or bring an action at law against the Owner personally obligated to pay the same;

6.2.4 Certificate of Payment. Issue, or cause an appropriate officer to issue upon demand by any person, a certificate setting forth whether or not any assessment has been paid, which certificate shall be conclusive evidence of such payment;

6.2.5 Insurance. Procure and maintain adequate liability and hazard insurance on property owned by the Association;

6.2.6 Bonding. Cause all officers, employees and agents of the Association having fiscal responsibilities to be bonded, as the Board may deem appropriate; and

6.2.7 Maintain the Common Area. Cause the Common Area, all facilities and improvements located upon the Common Area, the entrance monument and surrounding landscape, any fence constructed upon the perimeter boundary of the Property, and any drainage or storm retention pond constructed by the Association upon the Property to be maintained in accordance with Article IX of the Declaration.

ARTICLE 7 OFFICERS

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7.1 Number. The Association shall have a President and a Vice President, a Secretary, a Treasurer, and an Assistant Secretary, and such other officers as may be deemed necessary or appropriate by the Board. Any two or more offices may be held by the same person.

7.2 Election and Term of Office. The officers shall be elected annually by the Board following each annual meeting of the members, and shall hold office for one (1) year unless he or she shall sooner resign or be removed, or otherwise be disqualified to serve.

7.3 Resignation. Any officer may resign at any time by delivering written notice to the Board, the President or the Secretary, or by giving oral notice at any meeting of the Board. Any such resignation shall take effect at any subsequent time specified therein or, if the time is not specified, upon delivery thereof. The acceptance of such resignation shall not be necessary to make it effective.

7.4 Removal. Any officer may be removed by the Board with or without cause. The removal shall be without prejudice to the

contract rights, if any, of the person so removed. Appointment of an officer or agent shall not of itself create contract rights.

7.5 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

7.6 President. The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall generally supervise and control the business and affairs of the Association. When present, the President shall preside at all meetings of the members and at all meetings of the Board. The President may sign deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association or shall be required by law to be otherwise signed or executed. In general, the President shall perform all duties incident to office of and such other duties as may be prescribed by resolution of the Board from time to time.

7.7 Vice President. In the absence of the President or in the event of his death, disability or refusal to act, the Vice President shall perform the duties of the President. When so acting, the Vice President shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to the Vice President by resolution of the Board.

7.8 Secretary. The Secretary shall keep the minutes of the proceedings of the members and Board, shall give notices in accordance with the provisions of these Bylaws and as required by law, shall be custodian of the corporate records of the Association, shall keep a record of the names and addresses of all members, may sign with the President or a Vice President all deeds, mortgages, bonds, contracts, or other instruments which shall have been authorized by resolution of the Board, and in general shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by resolution of the Board.

7.9 Treasurer. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties, in such sum and with such surety or sureties as the Board shall determine. The Treasurer shall have charge and custody of and be responsible for keeping correct and complete books and records of account for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever; deposit all such monies in the name of the Association in the banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by resolution of the Board.

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ARTICLE 8 COMMITTEES

The Board shall appoint an Architectural Control Committee, as provided in the Declaration. The Board shall appoint other committees as deemed appropriate for carrying out its purposes.

ARTICLE 9 CONTRACTS, LOANS, CHECKS, DEPOSITS

9.1 Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and that authority may be general or confined to specific instances.

9.2 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 which authority may be general.

9.3 Checks, Drafts, Etc. 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, or agent or agents, of the Association and in the manner as shall from time to time be prescribed by resolution of the Board.

9.4 Deposits. 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 depositories as the Board may select.

9.5 Loans to Directors and Officers. No loans shall be made by the Association to any officer or to any director.

ARTICLE 10 ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments not paid when due shall be delinquent. No Owner may waive or otherwise escape liability for the assessments provided for herein and in the Declaration by non-use of the Common Area or abandonment of his or her Lot.

ARTICLE 11 RULES OF PROCEDURE

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The rules of procedure at meetings of the Board, meetings of the members, and committee meetings shall be the rules contained in Roberts' Rules of Order on Parliamentary Procedure, as amended, so far as applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or any resolution of the Board.

**ARTICLE 12 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES
AND AGENTS**

12.1 POWERS. The Association shall have the following powers:

12.1.1 Power to Indemnify. The Association may indemnify and hold harmless to the full extent permitted by applicable law each person who was or is made a party to or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or other proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, member of the Architectural Control Committee, employee or agent of the Association, whether the basis of such proceeding is alleged action or omission in an official capacity or in any other capacity while serving as a director, officer, member of the Architectural Control Committee, employee, agent, trustee or in any other capacity, against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA, excise taxes or penalties and amounts to be paid in settlement) actually or reasonably incurred or suffered by such person in connection therewith. Such indemnification may continue as to a person who has ceased to be a director, officer, member of the Architectural Control Committee, employee or agent of the Association and shall inure to the benefit of his or her heirs and personal representatives.

12.1.2 Power to Pay Expenses in Advance of Final Disposition. The Association may pay expenses incurred in defending any such proceeding in advance of the final disposition of any such proceeding; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made to or on behalf of a director, officer, employee or agent only upon delivery to the Association of an undertaking, by or on behalf of such director, officer, employee or agent, to repay all amounts so advanced if it shall ultimately be determined that such director, officer, employee or agent is not entitled to be indemnified under this Article or otherwise, which undertaking may be unsecured and may be accepted without reference to financial ability to make repayment.

12.1.3 Power to Enter Into Contracts. The Association may enter into contracts with any person who is or was a director, officer, employee and agent of the Association in furtherance of the provisions of this Article and may create a trust fund, grant a security interest in property of the Association, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

12.2 Expansion of Powers. If the Washington Business Corporation Act or the Washington Nonprofit Corporation Act is amended in the future to expand or increase the power of the Association to indemnify, to pay expenses in advance of final disposition, to enter into contracts, or to expand or increase any similar or related power, then, without any further requirement of action by the members or directors of this corporation, the powers described in this Article shall be expanded and increased to the fullest extent permitted.

12.3 Limitation on Powers. No indemnification shall be provided under this Article to any such person if the Association is prohibited from paying such indemnification by applicable law as then in effect. For example, no indemnification shall be provided to any director in respect of any proceeding, whether or not involving action in his or her official capacity, in which he or she shall have been finally adjudged to be liable on the basis of intentional misconduct or knowing violation of law by the director or that the director personally received a benefit in money, property or services to which the director was not legally entitled.

No indemnification shall be provided under this Article to any person if payment of such indemnification would subject the Association to imposition of any of the excise taxes imposed pursuant to Sections 4941, 4942, 4943, 4944, or 4945 of the Internal Revenue Code of 1986, as amended from time to time, or would cause the Association to lose its tax exempt status (if any) from federal income taxation.

12.4 Rights Not Exclusive. The right to indemnification and payment of expenses in advance of final disposition of a proceeding conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Articles of Incorporation, Bylaws, agreement, vote of members or disinterested directors or otherwise.

12.5 Insurance. The Association may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee, agent or trustee of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under applicable law.

12.6 Survival of Benefits. Any repeal or modification of this Article shall not adversely affect any right of any person existing at the time of such repeal or modification.

12.7 Severability. If any provision of this Article or any application thereof shall be invalid, unenforceable or contrary to applicable law, the remainder of this Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid, unenforceable or contrary to

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applicable law, shall not be affected thereby and shall continue in full force and effect.

12.8 Applicable Law. For purposes of this Article, "applicable law" shall at all times be construed as the applicable law in effect at the date indemnification may be sought, or the law in effect at the date of the action, omission or other event giving rise to the situation for which indemnification may be sought, whichever is selected by the person seeking indemnification. As of the date hereof, applicable law shall include RCW 23B.08.500 through .600, as amended.

ARTICLE 13 BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account, minutes of the proceedings of the meetings of its members, the Board and any committees designated by the Board, and such other records as may be necessary or advisable. The books and records shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE 14 FISCAL YEAR

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The fiscal year of the Association shall be the calendar year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE 15 COPIES OF RESOLUTIONS

Any person dealing with the Association may rely upon a copy of any of the records of the proceedings, resolutions or votes of the Board when such records are certified by the President or Secretary.

ARTICLE 16 LIMITATION ON DISTRIBUTION OF FUNDS

Subject to the applicable law, the funds of the Association may be distributed only for the purposes of the Association as described in the Articles of Incorporation.

ARTICLE 17 AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by the Board or by the members, except that (1) as long as HUD or the Veterans Administration is guaranteeing any mortgage encumbering the Property, any significant material

change in these Bylaws must be approved by HUD or the Veterans Administration, as appropriate, and (ii) any significant material change must be approved by the City of Lacey. Any bylaw adopted, amended or repealed by the directors may be repealed, amended or reinstated by the members at the next meeting of members following such action, without further notice than this Bylaw.

ARTICLE 18 PROHIBITED ACTIVITY

18.1 Self-Dealing. The Association will not engage in any act of "self-dealing" as defined in Section 4941(d) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), which would give rise to any liability for the tax imposed by Section 4941(a) of the Code.

18.2 Excess Business Holdings. The Association shall not retain any "excess business holdings" as defined in Section 4943(c) of the Code which would give rise to any liability for the tax imposed by Section 4943(a) of the Code.

18.3 Investments. The Association shall not make any investment which would jeopardize the carrying out of its exempt purposes, within the meaning of Section 4944 of the Code, so as to give rise as to any liability for the tax imposed by Section 4944(a) of the Code.

18.4 Taxable Expenditures. The Association shall not make any "taxable expenditures" as defined in Section 4945(d) of the Code which would give rise to any liability for the tax imposed by Section 4945(a) of the Code.

The undersigned, being the Secretary of the Association, hereby certifies that these Bylaws are the Bylaws of Parkside Lacey Homeowners Association, adopted by resolution of the directors on December 1, 1993, 1993.

DATED this 1st day of December, 1993.



Carl E. Greene, Secretary

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601 508 688

FILED
STATE OF WASHINGTON
DEC - 6 1993
RALPH MUNRO
SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF
PARKSIDE LACEY HOMEOWNERS ASSOCIATION

The undersigned, acting as the incorporator of a nonprofit corporation under the provisions of the Washington Nonprofit Corporation Act (RCW 24.03) adopts the following Articles of Incorporation for such corporation:

ARTICLE I. NAME

The name of this corporation is PARKSIDE LACEY HOMEOWNERS ASSOCIATION (hereafter called the "Association").

ARTICLE II. DURATION

The period of the Association's duration is perpetual.

ARTICLE III. PURPOSES

The Association is organized exclusively for nonprofit purposes, specifically: to provide for the maintenance, preservation and architectural control of the residence Lots within that certain subdivision known as the Plat of Parkside (hereafter called the "Property") and the ownership, maintenance, preservation and architectural control of the Property's Common Area and any additional property as may hereafter be brought within the jurisdiction of the Association, all as more fully described in the Declaration of Covenants, Conditions and Restrictions for Plat of Parkside, which is recorded or to be recorded in the office of the Thurston County Auditor, Olympia, Washington, and as may be amended from time to time as therein provided (hereafter called the "Declaration"), which is incorporated herein by this reference as if set forth in full;

and to promote the health, safety, and welfare of the residents within the Property and any additions thereto as may hereafter be brought within the jurisdiction of the Association, including without limitation, the authority to:

- a. exercise all the powers and privileges and perform all the duties and obligations of the Association as set forth in the Declaration;

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b. fix, levy, collect, and enforce payment by any lawful means all charges or assessments pursuant to the terms of the Declaration; pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

c. acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

d. borrow money, and with the assent of two-thirds (2/3) of each class of members, mortgage, pledge or deed in trust any or all of its real or personal property as security for money borrowed or debts incurred;

e. dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members; provided that no such dedication or transfer shall be effective unless the City of Lacey has given its prior consent and unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

f. participate in mergers and consolidations with other nonprofit corporations organized for the same purpose or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members, except as may be provided in the Declaration; and

g. have and exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Act of the state of Washington, by law may now or hereafter have or exercise.

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ARTICLE IV. BYLAWS

Provisions for the regulation of the internal affairs of the Association shall be set forth in its Bylaws.

ARTICLE V. VOTING RIGHTS

Every person or entity who is a record Owner of any Lot is entitled to membership in the Association and the right to one vote per Lot owned by such Owner. Membership is appurtenant to, and inseparable from, ownership of a Lot. The voting rights of members are as further set forth in the Declarations and Bylaws.

ARTICLE VI. AMENDMENTS

Amendment of the Articles of Incorporation requires the approval of at least two-third (2/3) vote of each class of membership.

ARTICLE VII. DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of membership and with the prior approval of the City of Lacey. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE VIII. REGISTERED AGENT

The address of the initial registered office of the Association is 2320 - 130th Avenue N.E., #200, Bellevue, Washington 98005, and the name of its initial registered agent at such address is Phillip I. Johnson.

ARTICLE IX. INITIAL DIRECTORS

The initial Board of Directors shall consist of three (3) directors. The name and address of the people who are to serve as the initial directors are:

Kenneth N. Krueger
Building E, Suite 200
2320 - 130th Avenue NE
Bellevue, Washington 98005

Phillip I. Johnson
Building E, Suite 200
2320 - 130th Avenue NE
Bellevue, Washington 98005

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Carl E. Greene
Building E, Suite 200
2320 - 130th Avenue NE
Bellevue, Washington 98005

Thereafter, the management of the Association will be vested in a Board of Directors as elected by the members pursuant to the Bylaws of the Association.

ARTICLE X. LIMITATION OF LIABILITY

A director of the Association shall not incur personal liability to the Association or its members for monetary damages for conduct as a director, except for liability of the director: (i) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director; (ii) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled; or (iii) for conduct violating Section 23B.08.310 of the Washington Business Corporation Act. If either the Washington Nonprofit Corporation Act or the Washington Business Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of directors of the Association shall be eliminated or limited to the fullest extent permitted by the Washington Nonprofit Corporation Act and the Washington Business Corporation Act, as amended, without any requirement of further action.

Any repeal or modification of this Article by the directors or members of the Association shall not adversely affect any right or protection of any individual who is or was a director of the Association which existed at the time of such repeal or modification.

ARTICLE XI. INDEMNIFICATION

The Association shall indemnify any individual made a party to a proceeding because that individual is or was a director of the Association, and shall advance or reimburse the reasonable expenses incurred by such individual in advance of final disposition of the proceeding, without regard to the limitations in RCW 23B.08.510 through 23B.08.550 of the Washington Business Corporation Act, or any other limitation which may hereafter be enacted to the extent such limitation may be disregarded if authorized by the Articles of Incorporation, to the full extent and under all circumstances permitted by applicable law.

Any indemnification provided under this Article shall, unless limited by the terms of the undertaking to indemnify, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators.

No indemnification shall be provided under this Article to any person if the Association is prohibited by the Washington Nonprofit Corporation Act or other applicable law from paying such indemnification, or if in the opinion of counsel payment of such indemnification would subject the Association to imposition of excise taxes or would cause the Association to lose its tax exempt status (if any) from federal income taxation.

Any repeal or modification of this Article by the directors or members of the Association shall not adversely affect any right or protection of any individual who is or was a director, officer, employee or agent of the Association existing at the time of such repeal or modification.

ARTICLE XII. INSURANCE

The Association shall have the power to purchase and maintain insurance on behalf of an individual, including without limitation directors, officers, employees and agents of the Association, to the extent allowed by applicable law, including without limitation RCW 23B.08.580, as amended.

ARTICLE XIII. FEA/VA APPROVAL

So long as the Class B membership exists, the following actions shall require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

ARTICLE XIV. INCORPORATOR

The incorporator is Robert G. Bergquist, whose address is 1420 Fifth Avenue, Seattle, Washington 98101.

DATED this 11th day of November, 1993.

Robert A. Bergquist

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CONSENT TO SERVE AS REGISTERED AGENT

I, Phillip I. Johnson, hereby consent to serve as Registered Agent in the State of Washington for Parkside Lacey Homeowners Association. I understand that as agent for the Association, it will be my responsibility to receive service of process in the name of the Association; to forward all mail to the Association; and to immediately notify the office of the Secretary of State in the event of my resignation, or of any changes in the registered office address of the Association for which I am agent.

12/1/93
(date)

Phillip I. Johnson
(signature of Agent)

Name of Registered Agent: Phillip I. Johnson
Address of Registered Agent: 2320 - 130th Avenue N.E., #200
Bellevue, Washington 98005

HURSTON COUNTY
OLYMPIA, WA
12/14/93 3:03 PM
REQUEST OF: GRAHAM &
Sam S. Reed, AUDITOR
BY: SUE, DEPUTY
\$51.00 DECCOV

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File No: 9312140185

Document Title(s)

Article XIII Rules, Violation and Corrective Action Policy (Admendment to Parkside Lacey Homeowners Covenants, Rules and Regulations)

Reference Number(s) of related documents

Vol: 2201, Page: 526, File No: 9312140185

Grantor(s) (Last, First and Middle Initial)

Parkside Lacey Homeowners Association

Grantee(s) (Last, First and Middle Initial)

The Public

Legal Description (abbreviated form: i.e. block, plat or section, township, range, quarter/quarter)

The East half of the west half of the Southeast quarter of the Northwest of section 33, township 16 North, Range 1 West, W.M., excepting therefrom the North 310 feet of the West 155 feet:

And excepting also the North 30 feet for county road known as Southwick Road (45th Avenue SE).

In Thurston County, Washington.

Assessor's Property Tax Parcel/Account Number

There are 56 lots included within the Parkside Lacey Homeowners Association

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.



Article XIII

1. Rules, Violation and Corrective Action Policy

It is the responsibility of the Board & Association to protect and preserve the value of the lots and improvements thereon by preventing unsightly conditions and unsuitable improvements from existing.

We live in close association with our fellow residents and common courtesy for our neighbors and our community is the usual standard. However, when violations occur, it is the Board's responsibility, or those appointed by the Board, to address those violations which may exist in, on or about any property within the Association.

For the preservation of the community, violations should be promptly corrected. The Board is authorized to levy fines when necessary to ensure such corrections are made by the homeowner.

This addition to the Covenant, Conditions and Regulations (CC&Rs) is hereafter referred to as the Rules; the Board of Directors or their disignees are referred to as the Board; Lacey Parkside Homeowners Association is referred to as the HOA. Owner is the owner of record. On occasions when a renter occupies the premises, a copy of said violation may also be sent to the renter's attention. The following procedures and practices are established to address violations of the Association's Bylaws and/or CC&Rs.

1. First Notice of Violation

- a) Upon verification of the existence of a violation, members of the Board will make face to face or phone contact with the owner to give notice of the violation & the specific reference within the By-Laws or CC&Rs, and establish the remedy & the time frame for correction of the violation. The Board will follow up the contact with written verification of the results of the conversation.
- b) If personal contact is not possible for some reason, the Board will send an initial letter to the owner outlining the same information as noted in (a) above.
- c) The initial expected response for a remedy is 30 days unless the Board has granted in writing an extension of this time period.
- d) There is no fine at this time.

2. Second Notice of Violation

- a) If, after the allowed time frame for correction, the owner fails to remedy the cited violation the Board will send a written second Notice of Violation.
- b) The Board will extend the time frame for correction fifteen (15) days. If steps for corrections are being taken the Board and owner may agree upon a different time frame.
- c) A \$25.00 fine is levied and added to the owner's HOA account.

3. Third Notice of Violation

- a) If, for a third time, the owner fails to remedy the cited violation, the Board will send the owner a written third Notice of Violation.
- b) Another 15 days for correction is established via written notice.
- c) A \$50.00 fine is levied and added to the owner's HOA account.

4. Subsequent Fines

If there is no correction after the expiration of the third written Notice of Violation, a monthly \$50.00 fine will continue to be levied against the owner's HOA account until the violation is resolved, including throughout any litigation procedures and after any lien is established. The owner will remain responsible for any attorney, litigation &/or collection expenses.

5. When verified by Board members that the violation has been corrected, the Notice of Violation will be voided but remain a matter of the owner's record.

6. Repeat Violations

If a violation of the same nature is repeated within any one year period after the last violation letter was sent, the violation letter process will continue uninterrupted.

If a violation of the same nature reoccurs one year or more after the last violation letter was sent, the violation will be considered new and the notification process will start from the beginning or the First Notice of Violation.

7. Appeal Request by owner:

At any stage of the violation, an owner may request in writing and be granted a hearing by the Board to appeal the cited violation. Should a hearing occur, the owner and tenant, if applicable, will present the Board with whatever information is pertinent to the violation. Once the Board has heard the information, the owner will be excused and the Board will render a decision to the owner within 30 days.

Failure by the owner to request in writing an appeal hearing by the 15th day


after the Third Notice of Violation shall be a waiver of the opportunity of said hearing(s).

8. A monthly fine of \$50 will continue after a lien is established for any kind of violation, including non-payment of annual assessments.

9. The violation fines may be increased each year without a vote of membership as long as such increase is not more than 15 percent more than the maximum fine for the previous year.

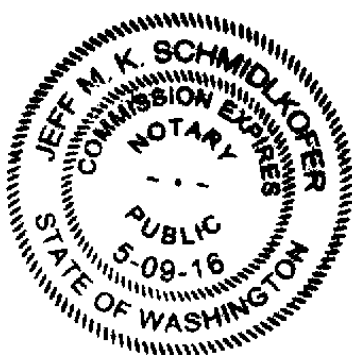
I, Victor M. Rodelo, state that I am the President of the Parkside Lacey Homeowners Association and that acting in that capacity, verify that 2/3 of the homeowners have approved this amendment.

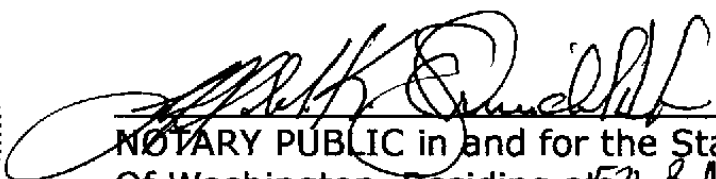
DATED this 1st day of April, 2016.



Victor M. Rodelo, President
Parkside Lacey Homeowners Association

GIVEN under my hand and official seal this 1st day of April, 2016.





NOTARY PUBLIC in and for the State
Of Washington, Residing at 526 Bulldog St SE Olympia
My commission expires: May 9th, 2016 WA