

**BYLAWS
of
VALHALLA RESIDENCE ASSOCIATION**

ARTICLE I -- NAME

The name of this corporation is and shall be: VALHALLA RESIDENCE ASSOCIATION, and for convenience may be referred to hereinafter as the "Association".

ARTICLE II -- PURPOSES

This corporation shall be conducted as a non-profit, non-stock corporation as hereinafter set forth, to-wit:

To construct, install, maintain and/or operate athletic and recreational facilities of all types and kinds for the benefit of the members; to install, maintain and/or operate the entryway known as "VALHALLA", according to the recorded and unrecorded lots thereof, and laid out in lots described in Exhibit "A" attached hereto and by this reference made a part hereof, together with easements of access; to construct and maintain mailbox structures (Amendment #1 approved by vote of majority of membership August 2012), to promote neighborhood security and safety; but not to be responsible, nor liable, for neighborhood security and safety (Amendment #1 approved by vote of majority of membership August 2012), and to promote friendly relations of social intercourse among the owners and purchasers in said "VALHALLA"; to administer the covenants and restrictions running with said described land, as set forth in Exhibit "B" attached hereto and by this reference made a part thereof.

ARTICLE III -- MEMBERSHIP

Section 1. The membership of the Association shall consist of and be limited to owners or purchasers of lots or land within said residential district described in Exhibit "A" mentioned in Article II hereof, who shall have one membership for each platted lot therein. A purchaser under a contract of purchase shall be deemed to be an owner for membership purposes. A lot or land held as community property shall be entitled to one membership. The certificate of membership shall be issued to the husband and wife as a member. There shall be two classes of membership: (1) residential, and (2) lot. All memberships, residential and lot, shall have the same rights, privileges and duties except for voting and payment of dues and assessments. Residential membership shall include only those lots with residential structures. Residential memberships shall have one full vote and pay a full dues or assessment. Lot memberships shall have 1/4 vote and pay 1/4 or 25% of the dues or assessment paid by a residential membership. Notwithstanding anything to the contrary in this Section, a property owner of Valhalla owning a lot adjoining his or her property where they reside, shall be exempt from annual or

special assessment on the adjoining non-residential lot, as long as such adjoining vacant lot is maintained as a part of the yard of the residence (Amendment #1 approved by vote of majority of membership August 2012).

Section 2. Except as hereinbefore otherwise provided and as declaratory of the foregoing, no membership shall be voted unless represented by the owner or purchaser as aforescribed of an individual lot or land to which it is and shall be inseparably appurtenant.

Section 3. Membership and certificates evidencing the same shall be inseparably appurtenant to lots or land owned by the members in the residential lots described in said Exhibit "A", and upon transfer of ownership or contract for sale of any such lots or land, membership and certificate of membership shall ipso facto be deemed to be transferred to the grantee or contract purchaser. No membership or certificate of membership may be transferred, assigned, or in any manner conveyed other than in the manner herein set forth. In the event of foreclosure against any tract by a judicial proceeding, the transfer of membership shall not be deemed to be complete until the issuance of Sheriff's Deed at the expiration of the period for redemption, unless prior thereto the purchaser at foreclosure sale shall receive a proper conveyance from all persons having a right of redemption. In the event of the death of a member, the membership and certificate of membership of such deceased member shall be and become the property of the personal representative of such deceased member upon appointment and qualification as such in a judicial proceeding and such personal representative shall have all of the rights, privileges and liabilities of the deceased member until title shall be transferred or contracted to be transferred.

Section 4. No membership shall be forfeited for non-payment of assessments by the Association, and no member may withdraw except upon transfer of title to the real property to which his membership is appurtenant, as elsewhere herein provided. No compensation shall be paid by the Association upon any transfer of membership and no member whose membership is transferred shall be entitled to share or participate in any of the property or assets of the corporation. Failure to pay assessments for a period of six months shall automatically suspend all rights of membership until paid. Failure to pay assessments for twelve months shall be cause for placing a lien on the property in the name of the Association. Said lien shall be released only by full payment to the Association together with all costs incurred. Such costs to include a reasonable attorney fee if legal action is required. The restrictions noted as Paragraph 11 in Declaration of Protective Restrictions recorded under King County Auditor's File No. 5350082 prohibits sale, conveyance or lease to anyone other than a member in good standing of the Valhalla Maintenance and Recreation Commission, Inc., said name having been changed by vote of a majority of the residents to VALHALLA RESIDENCE ASSOCIATION. The secretary or any other officer of the Valhalla Residence Association shall give a written statement certifying the owner or lessor was a member in good standing of the Association at any time requested, if all assessments have been paid or arrangements

made to satisfy the same.

ARTICLE IV -- DISSOLUTION

In the event of the dissolution of the corporation, the property and assets, after all of its debts have been paid, shall be given to the City of Bothell as a public facility.

ARTICLE V -- BOARD OF DIRECTORS

Section 1. The business and property of the Association shall be managed by a board of nine (9) directors.

Section 2. The directors of the corporation shall be elected by a majority vote of the membership of the Association at the annual meeting of the membership, which shall be at the beginning of the corporation year.

Section 3. The term of office of the directors of the Association shall be for one year, or until their successors are elected and duly qualified.

Section 4. Each director shall be (1) a member, who shall (2) not have lost his right to vote by reason of his having disposed of the land to which his membership is appurtenant.

Section 5. In the event a director ceases to be the owner of the land to which his membership is appurtenant, or of a contract for the purchase thereof, he shall thereby cease to be a director and his office shall thereby become vacant upon written notification without action other than to spread such fact upon the Minutes of the Board of Directors.

Section 6. At the first meeting of the Association and at each annual meeting of the Association, the Board of Directors shall organize by the election of a President, Vice-President, Secretary, and Treasurer, each of whom must be a member in good standing of the Association.

Section 7. No officer shall receive any salary or compensation from the Association for being an officer.

Section 8. Any vacancy occurring in the Board of Directors shall remain so until the next regular or special meeting of the members of the Association, at which annual or special meeting the vacancies for the remainder of the original term, if any, shall be filled by election by the members in the regular manner.

Section 9. All actions, assessments, or other thing adversely affecting a member of the Association shall require a vote of sixty percent (60%) of the membership, with residential memberships having one full vote and lot memberships having 1/4 vote.

ARTICLE VI - MEETINGS

Section 1. The Board of Directors of the Association shall hold regular meetings on or about the third week of October, January, April, and July of each year, and such special meetings as the President shall deem necessary for the competent management of the affairs of the Association (Amendment #1 approved by vote of majority of membership August 2012).

Section 2. The first meeting of the Association shall be December 17, 1973, at such place as the officers may elect. Annual meetings of the Association shall be on the third Monday of September, at such place as the officers may elect. Notice thereof shall be given by the Secretary by mailing notice to each member not less than ten days prior to the date of the meeting, but voluntary attendance at such meeting shall be deemed a waiver of any requirements of such notice.

Section 3. Special meetings of the members may be called at any time by the President or a majority of the Board of Directors, or by members representing ten percent (10%) of the lots within the jurisdiction of the Association. Notice of a special meeting, stating the object thereof, shall be given by the Secretary by mailing such notice to each member not less than five days prior to the date on which such meeting is to be held. At such special meeting no business shall be transacted other than that mentioned in the call.

Section 4. At all annual and special meetings of the Association, twenty percent (20%) of all of the members shall constitute a quorum for the transaction of business. Each member shall be entitled to vote each certificate of membership standing in his name.

Section 5. Special meetings of the Board of Directors shall be called at any time by the Secretary on order of the President or a majority of the Board of Directors. The Secretary shall give each director notice, personally, verbally, or by mail or by telephone, of all regular and special meetings at least one day previous thereto.

Section 6. A member who desires to exercise his right to vote by proxy must deliver or cause to be delivered to the Secretary, written evidence of his right to act for him, provided that no person shall be eligible to exercise such proxy except a member or the wife of the member who issues such proxy.

Section 7. Any action which could be taken in a meeting of the Board may be taken electronically, without a meeting, via electronic mail (e-mail), the Internet, or by facsimile (fax), and a written record of consent shall be inserted in the minutes record as if it were minutes of a Board meeting (Amendment #1 approved by vote of majority of membership August 2012).

ARTICLE VII -- POWERS AND DUTIES OF DIRECTORS

Section 1. The Directors shall have all powers conferred upon

directors by the laws of the State of Washington; and they shall exercise the management and control of the business and affairs of the corporation as provided by law and the Bylaws of the Association and any amendments thereof; and they shall have the power to do any and all acts necessary or expedient to accomplish and effect the purposes enumerated in the agreement of incorporation, amendments thereto, and the Bylaws of the Association and amendments thereto, subject, however, to the terms and conditions set forth in the conveyance of easements of access and easements of adjacent golf grounds made by the common grantor of the Association and its members to the Association, and to the terms and conditions herein set forth; and they shall have, among others, the following powers:

Section 2. To conduct, manage, and control all affairs and business of the Association, and to make and enforce rules and regulations therefore, and to incur such expense as may be deemed proper in the administration of its affairs, and to authorize the execution of contracts and obligations on behalf of the Association.

Section 3. To do any and all such acts and things in the maintenance and improvement of any and all properties of the Association; to incur any and all such expenditures, outlays, and expenses for said purposes as may be deemed by the Board of Directors to be proper; and to provide for all such liabilities of whatsoever character which may arise in connection with any such improvement and maintenance; but the Directors shall not have the power to make any new improvements or to incur any expense therefor, without a favorable vote or written approval thereof by sixty percent (60%) of the membership.

Section 4. To take such action as may be deemed by them to be proper for the enforcement of any and all of the conditions, limitations, and restrictions set forth in any contracts of sale or conveyance from the common grantor of all the lots within said residential district; to interpret and enforce any and all protective restrictions, conditions, covenants and reservations imposed upon any of said tracts by either of such owners; to do any and all acts for the administration, protection and advancement of said residential district, including, if deemed advisable by them or by the members by vote taken at a members' meeting, the policing and sanitation thereof, as well as providing means for protection against fire loss to improvements, and for insurance against public liability and to incur any and all such expense for such purposes as may be deemed by them to be proper.

Section 5. To impose conditions and restrictions upon the use of lots and areas in said residential district for any purpose not deemed for the best interest and advancement of said community, provided the same are not contrary, to or inconsistent with any provisions contained in any contract or agreement with, or any protective restrictions, conditions, covenants and reservations imposed by, or agreement of sale or conveyance from the common grantor of said lots, or as hereinafter may be made and imposed from time to time in respect to said residential lots; and to consider and approve the plans and specifications for buildings to be erected upon such residential lots.

The term "lot" as used in this section means the entire area upon which the private dwelling house, together with appurtenant garage, if any, is located, which area shall not be less than one whole lot.

Section 6. To issue certificates of membership only to the owners of or purchasers of lots hereinbefore described, subject to such conditions of transfer as are hereinafter set forth in Article IX hereof.

Section 7. To assess the several parcels of land in said residential district hereinbefore described, and the owners and purchasers thereof, all as is more particularly set forth in Article XI hereof.

Section 8. To pay all taxes and assessments lawfully assessed against the properties owned or held by the Association.

Section 9. To cause to be kept a complete record of all their minutes and acts and of the proceedings of the members and the Board of Directors, and to present a full statement to the regular annual meeting of members showing in detail the condition of the affairs of the Association, including liabilities incurred, and an estimate of the budget deemed by them to be required for the ensuing year for the purpose of the improvements, maintenance and protection of the properties of the Association and of the administration of its affairs.

ARTICLE VIII -- DUTIES OF OFFICERS

Section 1. President: The President shall preside at all meetings of the directors and members; he shall sign as President all certificates of membership and all contracts or other instruments in writing authorized by the Board of Directors; he shall call special meetings of the Directors or of the members whenever he deems it necessary; he shall have and exercise under the direction of the Board of Directors, the general supervision of the affairs of the Association.

Section 2. Vice-President: In the absence or incapacity of the President, the Vice-President when present shall have all the power and perform all of the duties of the President. In the absence of both the President and Vice-President, the Board of Directors may elect one of its number as temporary Vice-President, who shall have all the power and perform all of the duties of the President.

Section 3. Secretary: The Secretary shall keep records of all of the proceedings and meetings of the Board of Directors and of the members. He shall keep the books of certificates of membership, fill out and countersign all certificates issued, and make the corresponding entries on the stubs thereof upon such issuance; and he shall also, if required by the Directors, keep books of account showing assessments to be charged and collected against the various lots and owners or purchasers thereof. The seal of the Association shall be in his custody. He shall countersign or attest all

instruments and conveyances required to be signed by the President and shall affix the seal wheresoever required. He shall serve all notices required either by law or the Bylaws of the corporation, and in case of his absence, inability or refusal to do so, then such notices may be served by any person thereto directed by the President of the Association.

Section 4. Treasurer: It shall be the duty of the Treasurer to keep safely all monies and securities of the Association and disburse the same under the direction of the Board of Directors. He shall cause to be deposited all funds of the Association in a bank selected by the Directors. He shall only pay the same out on check signed by himself and countersigned by any member in good standing. At each annual meeting of the members and at any special meeting, if so required, and at any time directed by the directors, he shall present a full statement showing in detail the condition of the affairs of the Association, including liabilities incurred.

Section 5. In the event that the directors so direct, a director, other than the President, may occupy one or more offices described at the same time, that is, concurrently.

ARTICLE IX -- CERTIFICATES OF MEMBERSHIP AND TRANSFER

Section 1. Certificates of Membership in the Association shall be in substantially the following form:

No. _____ CERTIFICATE OF MEMBERSHIP _____ Lot
in
VALHALLA RESIDENCE ASSOCIATION
a non-profit, non-stock corporation
of the State of Washington

THIS CERTIFIES THAT _____
is the owner of Lot No. _____ in Valhalla, and as such is a member of Valhalla Residence Association, a Washington corporation, a non-profit, non-stock corporation, organized under the laws of the State of Washington, and by virtue thereof is entitled to all the rights and privileges and subject to the liabilities conferred and imposed by its Articles of Incorporation and subject to its Bylaws and any amendments thereof; and by acceptance of this certificate, the holder thereof accepts the said Articles of Incorporation and Bylaws and any subsequent amendment thereto and agrees to be bound thereby. This certificate is inseparably appurtenant to the land above described and may be transferred only in the manner provided in the Bylaws.

Dated at _____, Washington, this _____ day of _____, 19____.

VALHALLA RESIDENCE ASSOCIATION

By: _____
President

Attest:

Secretary

Section 2. Such certificates shall be issued over the signature of the President and Secretary, with the official seal of the Association affixed. The certificate book shall contain a margin, on which shall be shown the number, date, name of the member, and description of the land set forth in the corresponding certificate.

Section 3. All memberships and certificates evidencing same shall be inseparably appurtenant to the lot, lots, or fractional lots owned by the holders thereof, and upon sale or contract to sell, such memberships and such certificates shall become the property of the grantee or purchaser as hereinbefore provided. No transfer of membership shall entitle the transferee to vote the same until it has been established to the satisfaction of the Secretary that such transfer is bona fide and has been made in the manner provided.

No membership nor any lot in "Valhalla" may be transferred without the prior written consent of the Board first being obtained; provided, however, that in the event the Board shall fail to act upon any application for transfer within thirty (30) days after the same shall have been received by the Board, approval of the Board shall be assumed to have been given. There are no restrictions to transfer, except for non-payment of dues and assessments. All applications for such approval shall be submitted in writing to the Board by the owner-member, giving such information as is from time to time required by the Board.

Section 4. Unless specifically requested by the owner and holder thereof, it shall not be necessary that certificates of membership be actually issued, but any owner or purchaser of a lot or lots within the said residential district may exercise all of the rights and privileges and shall be subject to all of the liabilities of membership without the actual issuance and possession of such certificate of membership.

ARTICLE X -- OBLIGATIONS OF MEMBERS

The members shall keep the respective parcels of land owned by them in the platted portions of said residential districts, or upon which they hold a contract of purchase, including any portion of the

parking strips in front thereof, free and clear of all debris and obnoxious weeds and other growth of a destructive or an obnoxious nature; and in the event of the failure of any member to perform this covenant and condition, the Association, by its agent, shall have the right to enter upon the land and to do any and all acts in its opinion necessary to remove the said debris, weeds, or other growth of a destructive or an obnoxious nature, and any expense incurred by the Association shall be charged against the member and the member shall, upon demand, reimburse the Association for the payment, together with interest thereon at the rate of ten percent (10%) per annum until paid; and the said charge, together with all expenses and costs reasonably incurred in enforcing the same, shall be paid by the member; but such expense so incurred by the Association shall not be deemed a lien against the land or membership appurtenant thereto.

ARTICLE XI -- DUES AND ASSESSMENTS

In the event athletic and/or recreational facilities are constructed and/or acquired by the Association, they shall be for the benefit of the members. The Board shall have the power to establish such initiation fees, dues and assessments as they shall from time to time reasonably believe necessary to the operation of each of all of said athletic and recreational facilities and to fund the purposes described in Article II, subject to the restrictions of Article VII, Section 3 (Amendment #1 approved by vote of majority of membership August 2012).

The Board shall have power to allow persons other than members to make use of one or more of such athletic or recreational facilities on such terms and conditions as they shall set from time to time; provided, however, that such terms and conditions are not less than offered to members.

ARTICLE XII -- SEAL

The Association shall have a corporate seal bearing thereon, by means of raised letters, the following words:

"VALHALLA RESIDENCE ASSOCIATION
CORPORATE SEAL
1973
Washington"

An impression of which is hereto affixed: (SEAL)

ARTICLE XIII - AMENDMENTS

These Bylaws may be amended or adopted at any time by a vote thereof of a majority of the members of the Association.

ARTICLE XIV -- CONSIDERATION FOR CONVEYANCE

The provisions of the Bylaws, as the same are or may hereafter be amended, constitute and are hereby made a part of the consideration for conveyance by the common grantor of the Association and its members to the Association of the properties in these Bylaws referred to.

ARTICLE IV -- EFFECTIVE DATE

These Bylaws shall become effective upon the filing in the office of and approval by the Secretary of State of the Articles of Incorporation and the filing thereof in the Office of the Auditor of King County, Washington.