



200502170287

Page: 1 of 11
02/17/2005 02:35P
Kitsap Co, WA

NAME & ADDRESS

CAPSTONE HOMES

BYLAWS \$29.00

SEDGWICK ROAD
HOMESOWNERS ASSOCIATION
P.O. Box 139MAPLE VALLEY, WA. 98038

Please print neatly or type information

Document Title(s)

BY LAWS OF SEDGWICK ROAD

Reference Numbers(s) of related documents

Additional Reference #'s on page _____

Grantor(s) Last name, first name, middle initials

SEDGWICK ROAD HOMESOWNERS ASSN.

Additional Grantors on page _____

Grantee(s) Last name, first name, middle initials

Additional Grantees on page _____

Legal Description (abbreviated form: i.e. Plat name, lot, block; section, township, range, quarter/quarter)

SEDGWICK ROAD (TO BE RECORDED)POR. OF S.W. 1/4, SEC. 1, TWP. 23 N., RGE 1 E., W.M.

Assessor's Property Tax Parcel/Account Number

Additional Legal on page _____

012301-3-063-2005012301-3-080-2004

Assessor Tax # not yet assigned. _____

Additional Tax Parcel/Account Number's on page _____

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.

**BY LAWS
OF
SEDGWICK ROAD**

ARTICLE I

NAME AND LOCATION

THE NAME OF THIS CORPORATION IS SEDGWICK ROAD HOMEOWNER'S ASSOCIATION (HEREINAFTER REFERRED TO AS THE "ASSOCIATION"). THE PRINCIPAL OFFICE OF THE CORPORATION SHALL BE LOCATED AT P. O. BOX 139, MAPLE VALLEY, WA, 98038, BUT MEETINGS OF MEMBERS AND DIRECTORS MAY BE HELD AT SUCH PLACES WITHIN THE STATE OF WASHINGTON, COUNTY OF KITSAP AS MAY BE DESIGNATED BY THE BOARD OF DIRECTORS.

ARTICLE II

DEFINITIONS

SECTION 1. "ASSOCIATION" SHALL MEAN AND REFER TO, SEDGWICK ROAD HOMEOWNERS' ASSOCIATION, ITS SUCCESSORS AND ASSIGNS.

SECTION 2. "OWNER" SHALL MEAN AND REFER TO THE RECORD OWNER, WHETHER ONE OR MORE PERSONS OR ENTITIES, OF A FEE SIMPLE TITLE TO ANY LOT WHICH IS A PART OF THE PROPERTIES, INCLUDING CONTRACT PURCHASER, BUT EXCLUDING THOSE HAVING SUCH INTEREST MERELY AS SECURITY FOR THE PERFORMANCE OF AN OBLIGATION.

SECTION 3. "PROPERTIES" SHALL MEAN AND REFER TO THAT CERTAIN REAL PROPERTY DESCRIBED IN THE DECLARATION, AND SUCH ADDITIONS THERETO AS MAY HEREAFTER BE BROUGHT WITHIN THE JURISDICTION OF THE ASSOCIATION.

SECTION 4. "COMMON AREA" SHALL MEAN ALL REAL PROPERTY (INCLUDING THE IMPROVEMENTS THERETO) OWNED BY THE ASSOCIATION FOR THE COMMON USE AND ENJOYMENT OF THE OWNERS.

SECTION 5. "LOT" SHALL MEAN AND REFER TO ANY PLOT OF LAND SHOWN UPON ANY RECORDED SUBDIVISION MAP OF THE PROPERTIES WITH THE EXCEPTION OF THE COMMON AREA.

SECTION 6. "DECLARANT" SHALL MEAN AND REFER TO THE PRESIDENT OF CAPSTONE HOMES, INC., ITS SUCCESSORS AND ASSIGNS IN THE PLAT OF SEDGWICK ROAD.

SECTION 7. "DECLARATIONS" SHALL MEAN AND REFER TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS APPLICABLE TO THE PROPERTIES RECORDED IN THE OFFICE OF KITSAP COUNTY RECORDER.



CAPSTONE HOMES

BYLAWS \$29.00 Kitsap Co, WA

200502170287

Page: 2 of 11

02/17/2005 02:35P

ARTICLE III

MEETING OF MEMBERS

SECTION 1. ANNUAL MEETINGS. THE FIRST ANNUAL MEETING OF THE MEMBERS SHALL BE HELD AT SUCH TIME AS THE PRESIDENT OF CAPSTONE HOMES, INC. DEEMS APPROPRIATE, IN ITS SOLE DISCRETION, BUT NO LATER THAN THE TIME WHEN NINETY-SEVEN PERCENT (97%) OF THE HOMES HAVE BEEN SOLD AND CLOSED IN ALL PHASES OF THE PROPOSED 69-LOT DEVELOPMENT KNOWN AS SEDGWICK ROAD. EACH SUBSEQUENT REGULAR ANNUAL MEETING OF THE MEMBERS SHALL BE HELD ON THE SAME DAY OF THE MONTH EACH YEAR THEREAFTER AT _____ PM. IF THE DAY FOR THE ANNUAL MEETING OF THE MEMBERS IS A LEGAL HOLIDAY, THE MEETING WILL BE HELD AT THE SAME HOUR ON THE FIRST DAY FOLLOWING WHICH IS NOT A LEGAL HOLIDAY.

SECTION 2. SPECIAL MEETINGS SPECIAL MEETINGS OF THE MEMBERS MAY BE CALLED AT ANY TIME BY THE PRESIDENT OR THE BOARD OF DIRECTORS, OR UPON WRITTEN REQUEST OF THE MEMBERS WHO ARE ENTITLED TO VOTE ONE-THIRD (1/3) OF THE VOTES OF THE ENTIRE MEMBERSHIP.

SECTION 3. NOTICE OF MEETINGS. WRITTEN NOTICE OF EACH MEETING OF THE MEMBERS SHALL BE GIVEN BY, OR AT THE DIRECTION OF, THE SECRETARY OR PERSON AUTHORIZED TO CALL THE MEETING, BY MAILING A COPY OF SUCH NOTICE, POSTAGE PREPAID, AT LEAST 10 DAYS BEFORE SUCH MEETING TO EACH MEMBER ENTITLED TO VOTE THEREAT, ADDRESSED TO THE MEMBER'S ADDRESS LAST APPEARING ON THE BOOKS OF THE ASSOCIATION, OR SUPPLIED BY SUCH MEMBER TO THE ASSOCIATION FOR THE PURPOSE OF NOTICE. SUCH NOTICE SHALL SPECIFY THE PLACE, DAY AND HOUR OF THE MEETING, AND IN THE CASE OF A SPECIAL MEETING, THE PURPOSE OF THE MEETING.

SECTION 4. QUORUM THE PRESENCE AT THE MEETING OF MEMBERS ENTITLED TO CAST, OR OF PROXIES ENTITLED TO CAST TEN PERCENT (10%) OF THE VOTES OF THE MEMBERSHIP SHALL CONSTITUTE A QUORUM FOR ANY ACTION EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES OF INCORPORATION, THE DECLARATION, OR THESE BY-LAWS. IF, HOWEVER, SUCH QUORUM SHALL NOT BE PRESENT OR REPRESENTED AT ANY MEETING, THE MEMBERS ENTITLED TO VOTE THEREAT SHALL HAVE POWER TO ADJOURN THE MEETING FROM TIME TO TIME, WITHOUT NOTICE OTHER THAN ANNOUNCEMENT AT THE MEETING, UNTIL A QUORUM AS AFORESAID SHALL BE PRESENT OR BE REPRESENTED.

SECTION 5. PROXIES. AT ALL MEETINGS OF MEMBERS, EACH MEMBER MAY VOTE IN PERSON OR BY PROXY. ALL PROXIES SHALL BE IN WRITING AND FILED WITH THE SECRETARY. EACH PROXY SHALL BE REVOCABLE AND SHALL AUTOMATICALLY CEASE UPON CONVEYANCE BY THE MEMBER OF HIS LOT.

SECTION 6. DEVELOPMENT. THE MEMBERS AT EITHER A SPECIAL MEETING OR AT THE ANNUAL MEETING SHALL NOT VOTE ON ANY MOTION OR ACT IN ANY MANNER WHICH WOULD IN ANY WAY INTERFERE OR ATTEMPT TO REGULATE THE CONSTRUCTION, DESIGN OR LOCATION OF SINGLE FAMILY RESIDENTIAL IN THIS DEVELOPMENT UNTIL SUCH TIME AS ONE HUNDRED (100%) PERCENT OF RESIDENCE HAVE BEEN SOLD AND CLOSED, NOR SHALL THE MEMBERS DELEGATE SUCH DUTIES OR GRANT SUCH POWERS TO THE BOARD OF DIRECTORS.



CAPSTONE HOMES

BYLAWS \$29.00

200502170287

Page: 3 of 11

02/17/2005 02:35P

Kitsap Co, WA

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

SECTION 1. NUMBER. THE AFFAIRS OF THIS ASSOCIATION SHALL BE MANAGED BY A BOARD OF THREE (3) DIRECTORS, WHO NEED NOT BE MEMBERS OF THE ASSOCIATION.

SECTION 2. TERM OF OFFICE. AT THE FIRST ANNUAL MEETING THE MEMBERS SHALL ELECT TWO DIRECTORS FOR A TERM OF ONE YEAR, THREE DIRECTORS FOR A TERM OF TWO YEARS, AND AT EACH ANNUAL MEETING THEREAFTER THE MEMBERS SHALL ELECT THE REQUIRED NUMBER OF DIRECTORS FOR TERM OF TWO YEARS.

SECTION 3. REMOVAL. ANY DIRECTOR MAY BE REMOVED FROM THE BOARD, WITH OR WITHOUT CAUSE, BY A MAJORITY VOTE OF THE MEMBERS OF THE ASSOCIATION. IN THE EVENT OF DEATH, RESIGNATION OR REMOVAL OF A DIRECTOR, HIS SUCCESSOR SHALL BE SELECTED BY THE REMAINING MEMBERS OF THE BOARD AND SHALL SERVE THE UNEXPIRED TERM OF HIS PREDECESSOR.

SECTION 4. COMPENSATION. NO DIRECTOR SHALL RECEIVE COMPENSATION FOR ANY SERVICE HE MAY RENDER TO THE ASSOCIATION. HOWEVER, ANY DIRECTOR MAY BE REIMBURSED FOR HIS ACTUAL EXPENSES INCURRED IN THE PERFORMANCE OF HIS DUTIES.

SECTION 5. ACTION TAKEN WITHOUT A MEETING. NO DIRECTOR SHALL HAVE THE RIGHT TO TAKE ANY ACTION IN THE ABSENCE OF A MEETING WHICH THEY COULD TAKE AT A MEETING BY OBTAINING THE WRITTEN APPROVAL OF ALL THE DIRECTORS. ANY ACTION SO APPROVED SHALL HAVE THE SAME EFFECT AS THOUGH TAKEN AT A MEETING OF THE DIRECTORS.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

SECTION 1. NOMINATION. NOMINATION FOR ELECTION TO THE BOARD OF DIRECTORS SHALL BE MADE FROM THE FLOOR AT THE ANNUAL MEETING. SUCH NOMINATIONS MAY BE MADE FROM AMONG THE MEMBERS OR NON-MEMBERS.

SECTION 2. ELECTION. ELECTION TO THE BOARD OF DIRECTORS SHALL BE BY SECRET WRITTEN BALLOT. AT SUCH ELECTION THE MEMBERS OR THEIR PROXIES MAY CAST, IN RESPECT TO EACH VACANCY, AS MANY VOTES AS THEY ARE ENTITLED TO EXERCISE UNDER THE PROVISIONS OF THE DECLARATION. THE PERSONS RECEIVING THE LARGEST NUMBER OF VOTES SHALL BE ELECTED. CUMULATIVE VOTING IS NOT PERMITTED.



CAPSTONE HOMES

BYLAWS \$29.00

200502170287

Page: 4 of 11

02/17/2005 02:35P

Kitsap Co, WA

ARTICLE VI

MEETING OF DIRECTORS

SECTION 1. REGULAR MEETINGS. REGULAR MEETINGS OF THE BOARD OF DIRECTORS SHALL BE HELD QUARTERLY WITHOUT NOTICE, AT SUCH PLACE AND HOUR AS MAY BE FIXED FROM TIME TO TIME BY RESOLUTION OF THE BOARD. SHOULD SAID MEETING FALL UPON A LEGAL HOLIDAY, THEN THAT MEETING SHALL BE HELD AT THE SAME TIME ON THE NEXT DAY WHICH IS NOT A LEGAL HOLIDAY.

SECTION 2. SPECIAL MEETINGS. SPECIAL MEETINGS OF THE BOARD OF DIRECTORS SHALL BE HELD WHEN CALLED BY THE PRESIDENT OF THE ASSOCIATION, OR BY ANY TWO DIRECTORS, AFTER NOT LESS THAN THREE (3) DAYS NOTICE TO EACH DIRECTOR.

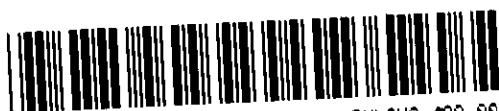
SECTION 3. QUORUM. A MAJORITY OF THE NUMBER OF DIRECTORS SHALL CONSTITUTE A QUORUM FOR THE TRANSACTION OF BUSINESS. EVERY ACT OR DECISION DONE OR MADE BY A MAJORITY OF THE DIRECTORS PRESENT AT A DULY HELD MEETING AT WHICH A QUORUM IS PRESENT SHALL BE REGARDED AS THE ACT OF THE BOARD.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 1. POWERS. THE BOARD OF DIRECTORS SHALL HAVE POWER TO:

- (A) ADOPT AND PUBLISH RULES AND REGULATIONS GOVERNING THE USE OF THE COMMON AREA AND FACILITIES, AND THE PERSONAL CONDUCT OF THE MEMBERS AND THEIR GUESTS THEREON, AND TO ESTABLISH PENALTIES FOR THE INFRACTION THEREOF;
- (B) SUSPEND THE VOTING RIGHTS OF A MEMBER DURING ANY PERIOD IN WHICH SUCH MEMBER SHALL BE IN DEFAULT IN THE PAYMENT OF ANY ASSESSMENT LEVIED BY THE ASSOCIATION OR FOR INFRACTION OF PUBLISHED RULES AND REGULATIONS;
- (C) EXERCISE FOR THE ASSOCIATION ALL POWERS, DUTIES AND AUTHORITY VESTED IN OR DELEGATED TO THIS ASSOCIATION AND NOT RESERVED TO THE MEMBERSHIP BY OTHER PROVISIONS OF THESE BY-LAWS, THE ARTICLES OF INCORPORATION, OR THE DECLARATIONS;
- (D) DECLARE THE OFFICE OF A MEMBER OF THE BOARD OF DIRECTORS TO BE VACANT IN THE EVENT SUCH MEMBER SHALL BE ABSENT FROM THREE (3) CONSECUTIVE REGULAR MEETINGS OF THE BOARD OF DIRECTORS; AND
- (E) EMPLOY A MANAGER, AN INDEPENDENT CONTRACTOR, OR SUCH OTHER EMPLOYEES AS THEY DEEM NECESSARY, AND TO PRESCRIBE THEIR DUTIES.



CAPSTONE HOMES

BYLAWS \$29.00

200502170287

Page: 5 of 11
02/17/2005 02:35P
Kitsap Co, WA

- (F) APPROVE ANY AND ALL RESIDENTIAL REMODELS AND NEW CONSTRUCTION INCLUDING, BUT NOT LIMITED TO DESIGN, AND COLOR AFTER CAPSTONE HOMES OR ITS SUCCESSOR HAVE AND CLOSED ON EACH LOT IN THIS DEVELOPMENT.

SECTION 2. DUTIES. IT SHALL BE THE DUTY OF THE BOARD OF DIRECTORS TO:

- (A) CAUSE TO BE KEPT A COMPLETE RECORD OF ALL ITS ACTS AND CORPORATE AFFAIRS AND TO PRESENT A STATEMENT THEREOF TO THE MEMBERS AT THE ANNUAL MEETING OF THE MEMBERS, OR AT ANY SPECIAL MEETING WHEN SUCH STATEMENT IS REQUESTED IN WRITING BY TEN PERCENT (10%) OF THE MEMBERS WHO ARE ENTITLED TO VOTE;
- (B) SUPERVISE ALL OFFICERS, AGENTS AND EMPLOYEES OF THIS ASSOCIATION, AND TO SEE THAT THEIR DUTIES ARE PROPERLY PERFORMED;
- (C) AS MORE FULLY PROVIDED IN THE DECLARATION, TO:
- (1) FIX THE AMOUNT OF THE ANNUAL ASSESSMENT AGAINST EACH LOT AT LEAST THIRTY (30) DAYS IN ADVANCE OF EACH ANNUAL ASSESSMENT PERIOD; AND
 - (2) SEND WRITTEN NOTICE OF EACH ASSESSMENT TO EVERY OWNER SUBJECT THERETO AT LEAST THIRTY (30) DAYS IN ADVANCE OF EACH ANNUAL ASSESSMENT PERIOD; AND
 - (3) FORECLOSE THE LIEN AGAINST ANY LOT FOR WHICH ASSESSMENTS ARE NOT PAID WITHIN THIRTY (30) DAYS AFTER DUE DATE OF TO BRING AN ACTION AT LAW AGAINST THE OWNER PERSONALLY OBLIGATED TO PAY THE SAME.
- (D) ISSUE, OR CAUSE AN APPROPRIATE OFFICE TO ISSUE, UPON DEMAND BY ANY PERSON, A CERTIFICATE SETTING FORTH WHETHER OR NOT ANY ASSESSMENT HAS BEEN PAID. A REASONABLE CHARGE MAY BE MADE BY THE BOARD FOR THE ISSUANCE OF THESE CERTIFICATES. IF A CERTIFICATE STATES AN ASSESSMENT HAS BEEN PAID, SUCH CERTIFICATE SHALL BE CONCLUSIVE EVIDENCE OF SUCH PAYMENT;
- (E) PROCURE AND MAINTAIN ADEQUATE LIABILITY AND HAZARD INSURANCE ON PROPERTY OWNED BY THE ASSOCIATION;
- (F) CAUSE ALL OFFICERS OR EMPLOYEES HAVING FISCAL RESPONSIBILITIES TO BE BONDED, AS IT MAY DEEM APPROPRIATE; AND
- (G) CAUSE THE COMMON AREA TO BE MAINTAINED.
- (H) INITIATE LOT IMPROVEMENT MAINTENANCE.



CAPSTONE HOMES

BYLAWS \$29.00

200502170287

Page: 6 of 11

02/17/2005 02:35P

Kitsap Co, WA

ARTICLE VIII

OFFICERS AND THEIR DUTIES

SECTION 1. ENUMERATION OF OFFICERS. THE OFFICERS OF THIS ASSOCIATION SHALL BE A PRESIDENT AND VICE PRESIDENT, WHO SHALL AT ALL TIMES BE MEMBERS OF THE BOARD OF DIRECTORS, A SECRETARY/TREASURER, AND SUCH OTHER OFFICERS AS THE BOARD MAY FROM TIME TO TIME BY RESOLUTION CREATE.

SECTION 2. ELECTION OF OFFICERS. THE ELECTION OF OFFICERS SHALL TAKE PLACE AT THE FIRST MEETING OF THE BOARD OF DIRECTORS FOLLOWING EACH ANNUAL MEETING OF THE MEMBERS.

SECTION 3. TERM THE OFFICERS OF THE ASSOCIATION SHALL BE ELECTED ANNUALLY BY THE BOARD AND SHALL HOLD OFFICE FOR ONE (1) YEAR UNLESS HE OR SHE SHALL SOONER RESIGN, OR SHALL BE REMOVED, OR BE OTHERWISE DISQUALIFIED TO SERVE.

SECTION 4. SPECIAL APPOINTMENTS. THE BOARD MAY ELECT SUCH OTHER OFFICERS AS THE AFFAIRS OF THE ASSOCIATION MAY REQUIRE, EACH OF WHOM SHALL HOLD OFFICE FOR SUCH PERIOD, HAVE SUCH AUTHORITY, AND PERFORM SUCH DUTIES AS THE BOARD MAY, FROM TIME TO TIME, DETERMINE.

SECTION 5. RESIGNATION AND REMOVAL. ANY OFFICER MAY BE REMOVED FROM OFFICE WITH OR WITHOUT CAUSE BY THE BOARD, THE PRESIDENT OR THE SECRETARY. SUCH RESIGNATION SHALL TAKE EFFECT ON THE DATE OF RECEIPT OF SUCH NOTICE OR ANY LATER TIME SPECIFIED THEREIN, AND UNLESS OTHERWISE SPECIFIED THEREIN, THE ACCEPTANCE OF SUCH RESIGNATION SHALL NOT BE NECESSARY TO MAKE IT EFFECTIVE.

SECTION 6. 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 REPLACES.

SECTION 7. MULTIPLE OFFICES. THE OFFICES OF SECRETARY AND TREASURER MAY BE HELD BY THE SAME PERSON. NO PERSON SHALL SIMULTANEOUSLY HOLD MORE THAN ONE OF ANY OF THE OTHER OFFICES EXCEPT IN THE CASE OF SPECIAL OFFICES CREATED PURSUANT TO SECTION 4 OF THIS ARTICLE.

SECTION 8. DUTIES. THE DUTIES OF THE OFFICERS ARE AS FOLLOWS:

PRESIDENT

- (A) THE PRESIDENT SHALL PRESIDE AT ALL MEETINGS OF THE BOARD OF DIRECTORS; SHALL SEE THAT ORDERS AND RESOLUTIONS OF THE BOARD ARE CARRIED OUT; SHALL SIGN ALL LEASES, MORTGAGES, DEEDS AND OTHER WRITTEN INSTRUMENTS AND SHALL SIGN ALL CHECKS AND PROMISSORY NOTES.



CAPSTONE HOMES

BYLAWS \$29.00 Kitsap Co, WA

200502170287

Page: 7 of 11

02/17/2005 02:35P

VICE PRESIDENT

- (B) THE VICE-PRESIDENT SHALL ACT IN THE PLACE AND STEAD OF THE PRESIDENT IN THE EVENT OF HIS ABSENCE, INABILITY OR REFUSAL TO ACT, AND SHALL EXERCISE AND DISCHARGE SUCH OTHER DUTIES AS MAY BE REQUIRED OF HIM BY THE BOARD.

SECRETARY

- (C) THE SECRETARY SHALL RECORD THE VOTES AND KEEP THE MINUTES OF ALL MEETINGS AND PROCEEDINGS OF THE BOARD AND OF THE MEMBERS; KEEP THE CORPORATE SEAL OF THE ASSOCIATION AND AFFIX IT ON ALL PAPERS REQUIRING SAID SEAL; SERVE NOTICE OF MEETINGS OF THE BOARD AND OF THE MEMBERS; KEEP APPROPRIATE CURRENT RECORDS SHOWING THE MEMBERS OF THE ASSOCIATION TOGETHER WITH THEIR ADDRESSES, AND SHALL PERFORM SUCH OTHER DUTIES AS REQUIRED BY THE BOARD.

TREASURER

- (D) THE TREASURER SHALL RECEIVE AND DEPOSIT IN APPROPRIATE BANK ACCOUNTS ALL MONIES OF THE ASSOCIATION AND SHALL DISBURSE SUCH FUNDS AS DIRECTED BY RESOLUTION OF THE BOARD OF DIRECTORS; SHALL SIGN ALL CHECKS AND PROMISSORY NOTES OF THE ASSOCIATION; KEEP PROPER BOOKS OF ACCOUNT; CAUSE ALL REQUIRED GOVERNMENTAL REGULATORY FILINGS AND TAX RETURNS TO BE PREPARED AND SUBMITTED TO THE APPROPRIATE GOVERNMENTAL AGENCY; AND SHALL PREPARE AN ANNUAL BUDGET AND A STATEMENT OF INCOME AND EXPENDITURES TO BE PRESENTED TO THE MEMBERSHIP AT ITS REGULAR ANNUAL MEETING, AND DELIVER A COPY TO EACH TO THE MEMBERS.

ARTICLE IX

COMMITTEES

THE BOARD OF DIRECTORS SHALL APPOINT COMMITTEES AS DEEMED APPROPRIATE IN CARRYING OUT ITS PURPOSE. SAID COMMITTEES CAN BE OF A STANDING OR SPECIAL NATURE AND, THROUGH A CORPORATE RESOLUTION DULY ADOPTED BY THE BOARD OF DIRECTORS, THESE COMMITTEES CAN BE EMPOWERED TO ACT ON BEHALF OF THE BOARD OF DIRECTORS, ITS OFFICERS AND THE ASSOCIATION.



CAPSTONE HOMES

BYLAWS \$29.00

200502170287

Page: 8 of 11

02/17/2005 02:35P

Kitsap Co, WA

ARTICLE X

INDEMNIFICATION

THE ASSOCIATION SHALL INDEMNIFY AND HOLD HARMLESS EACH PERSON WHO SHALL SERVE AT ANY TIME AS A DIRECTOR OR OFFICER OF THE ASSOCIATION WITHOUT COMPENSATION, FROM AND AGAINST ANY AND ALL CLAIMS AND LIABILITIES TO WHICH SUCH PERSON SHALL BECOME SUBJECT, BY REASON OF HIS HAVING SERVED AS A DIRECTOR OR OFFICER OF THE ASSOCIATION, OR BY REASON OF ANY ACTION ALLEGED TO HAVE BEEN TAKEN OR OMITTED TO BE TAKEN BY SUCH PERSON. THE ASSOCIATION SHALL REIMBURSE EACH PERSON FOR ALL LEGAL AND OTHER EXPENSES REASONABLE INCURRED BY HIM IN CONNECTION WITH ANY SUCH CLAIM OR LIABILITY; PROVIDED, HOWEVER, THAT NO SUCH PERSON SHALL BE INDEMNIFIED AGAINST OR BE REIMBURSED FOR AN EXPENSE INCURRED FOR ANY CLAIM OR LIABILITY ARISING OUT OF HIS OWN FRAUD, BAD FAITH OR WILFUL MISCONDUCT.

ARTICLE XI

AMENDMENTS

SECTION 1. THESE BYLAWS MAY BE AMENDED, AT A REGULAR OR SPECIAL MEETING OF THE MEMBERSHIP, BY A VOTE OF TWO-THIRDS (2/3) OF A QUORUM OF MEMBERS PRESENT IN PERSON OR BY PROXY, EXCEPT FOR ARTICLE III, SECTION 6 WHICH MAY ONLY BE AMENDED WHEN ALL OF THE RESIDENCES IN THIS PLAT HAVE BEEN SOLD AND THE TRANSACTIONS CLOSED.

SECTION 2. IN THE CASE OF ANY CONFLICT BETWEEN THE ARTICLES OF INCORPORATION AND THESE BY-LAWS, THE ARTICLES SHALL CONTROL; AND IN THE CASE OF ANY CONFLICT BETWEEN THE DECLARATION AND THESE BY-LAWS, THE DECLARATION SHALL CONTROL.



CAPSTONE HOMES

BYLAWS \$29.00

200502170287

Page: 9 of 11

02/17/2005 02:35P


Kitsap Co, WA

ARTICLE XII

MISCELLANEOUS

THE FISCAL YEAR OF THE ASSOCIATION SHALL BEGIN ON THE FIRST DAY OF JANUARY AND END ON THE 31ST DAY OF DECEMBER OF EVERY YEAR, EXCEPT THAT THE FIRST FISCAL YEAR SHALL BEGIN ON THE DATE OF INCORPORATION.

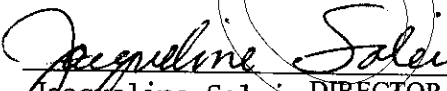
IN WITNESS WHEREOF, WE, BEING ALL OF THE DIRECTORS OF THE SEDGWICK ROAD HOMEOWNER'S ASSOCIATION, HAVE HEREUNTO SET OUR HANDS THIS 20th DAY OF October, 20 04.



David Soleim, DIRECTOR



Eric Soleim, DIRECTOR



Jacqueline Soleim, DIRECTOR

CERTIFICATION

I, THE UNDERSIGNED, DO HEREBY CERTIFY:

THAT I AM THE DULY ELECTED AND ACTING SECRETARY OF SEDGWICK ROAD HOMEOWNER'S ASSOCIATION, A WASHINGTON STATE NON-PROFIT CORPORATION, AND

THAT THE FOREGOING BY-LAWS CONSTITUTE THE ORIGINAL BY-LAWS OF SAID ASSOCIATION, AS DULY ADOPTED AT A MEETING OF THE BOARD OF DIRECTORS THEREOF, HELD ON THE 20th DAY OF October, 20 04.

IN WITNESS WHEREOF, I HAVE HEREUNTO SUBSCRIBED BY NAME AND AFFIXED THE SEAL OF SAID ASSOCIATION THIS 20th DAY OF October, 20 04.



SECRETARY



CAPSTONE HOMES

BYLAWS \$29.00

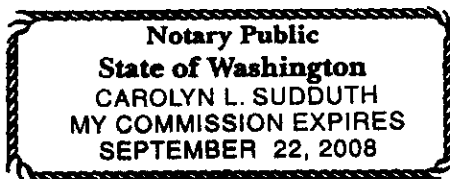
200502170287

Page: 10 of 11
02/17/2005 02:35P
Kitsap Co, WA

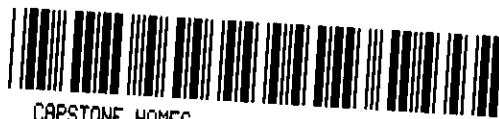
STATE OF WASHINGTON }
 }ss
COUNTY OF KING }

On this 20th day of October, 20 04, before me personally appeared DAVID E. SOLEIM, JACQUELINE M. SOLEIM, and ERIC R. SOLEIM, Directors of Sedgwick Road Homeowner's Association, the organization that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said association and on oath stated, that they are authorized to execute the said instrument for the corporation.

Witness my hand and official seal hereto affixed the day and year above written.



Carolyn L. Sudduth
Notary public in and for the State of
Washington, residing at Auburn, WA.
My commission expires 9-22-2008.



CAPSTONE HOMES

200502170287
Page: 11 of 11
02/17/2005 02:35P
Kitsap Co, WA
BYLAWS \$29.00