

BYLAWS
OF
EASTWOOD FOREST HOMEOWNERS' ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is Eastwood Forest Homeowners' Association, hereinafter referred to as the "Association." The principal office of the corporation shall be located at 18215 - 72nd Avenue South, Kent, Washington, 98032, but meetings of members and directors may be held at such places within the state of Washington, county of King, as may be designated by the Board of Directors. The Association shall be a non-profit corporation formed under the provisions of RCW 24.03.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Eastwood Forest Homeowners' Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Areas" shall mean and refer to all of the real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the members of the Association. The Common Areas to be owned by the Association at the time of the conveyance of the first lot are described as follows:

(a) Tract "A," which is a common open space/recreation tract, including all improvements located thereon.

Section 4. "Common Maintenance Areas" shall mean those portions of all real property (including the improvements thereto) maintained by the Association for the benefit of the members of the Association. The areas to be maintained by the Association at the time of recording this Declaration are described as follows:

(a) All Common Areas as set forth in Section 4 above.

(b) The landscaping and plat identification monuments located at the southeast and northeast corner of the intersection of S.E. 278th Way and 216th Avenue S.E. lying within the designated landscape and/or signage easements and the adjacent right-of-way.

(c) The landscaping and entry monuments, if any, located within designated landscape/signage easements at the intersection of S.E. 280nd Street and 216th Avenue S.E., and as extended out into the adjacent right-of-way.

(d) All cul-de-sac planters within the public right-of-way, if any, within the public streets incorporated as part of the plat of Eastwood Forest.

(e) The fence improvements around any part of the exterior plat boundary, including the associated right of reasonable access for maintenance, repair, or replacement of said fence.

(f) Perimeter frontage landscaping adjacent to Eastwood Forest located between the exterior fence along 216th Avenue S.E., and the public street sidewalk, which incorporates landscaping improvements.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties. Common Areas and Common Maintenance Areas shall not be regarded as Lots.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of (1) a fee simple title to any Lot which is a part of the Properties (but excluding those persons or entities, such as real estate contract sellers, having record title merely as security for the performance of an obligation), or (2) the Purchaser under a real estate contract prior to issuance of the fulfillment deed for the contract.

Section 7. "Declarant" shall mean and refer to Novastar Enterprises Inc.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the King County Recorder under Recorder's Receiving Number _____.

Section 9. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 10. "Development Period" shall mean and refer to that period of time as defined in Section 1 of Article XVI of these Bylaws.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) 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, at the hour of 10:00 a.m. 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. The meetings shall be held at Tract "A" described in Section 3 above, or such other location selected by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A 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 ten (10) days, and not more than fifty (50) days, before such meeting to each Member entitled to vote at such meeting, addressed to the Member's address last appearing on the books of the Association. 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, one-tenth (1/10) of the votes entitled to be cast at the meeting shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. 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 additional 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 signed by the Member, or his duly authorized attorney-in-fact, and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 6. Voting. The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all Owners, with the exceptions of (i) the Declarant while the Declarant is a Class B member, and (ii) the Owners of Lots described as exempt in the Declaration. Class A members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they by majority determine, but in no event shall more than one (1) vote be cast with respect to any Lot, nor shall any vote be divided. When more than one person holds an interest in any Lot, all such persons shall unanimously designate (in a writing delivered to the secretary of the Association) one of the persons (owning an interest in the Lot) to vote (in person or by proxy) the vote for such lot.

Class B: Class B member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on January 1, 1997. The Declarant shall become a Class A member as to any Lots owned by Declarant on January 1, 1997.

The voting rights of any Owner may be suspended as provided for either in the Declaration, or in the Articles, or in these Bylaws of the Association.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. Except as provided in Article XVI, which provides for management during the Development Period, 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 meeting following the Development Period, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; at each annual meeting thereafter, the Members shall elect one (1) director for a term of three (3) 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 or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for the director's actual expenses incurred in the performance of the director's duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting in 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.

Section 6. Telephone Meetings. Members of the Board of Directors may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such telephone or communications equipment means shall constitute presence in person at a meeting.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among 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 provision of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The election for the Board of Directors may be conducted by mail.

ARTICLE VI

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held 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 (2) directors, after not less than three (3) day's notice to each director. The notice may be verbal or in writing.

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, unless the act of a greater number is required by the Declaration, Articles of Incorporation, or these Bylaws.

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 Maintenance Areas, 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. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and which are not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from the 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.

Section 2. Responsibilities. The Board of Directors shall have the power and responsibility to:

(a) Enforce the provisions of the Declaration and these Bylaws;

(b) Cause to be kept a record of all the Associations' acts and corporate affairs, including, but not limited to, corporate finances;

(c) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(d) 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;

(2) Send written notices 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 property for which assessments or other charges are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obliged to pay the same.

(4) Take such action, as the Board deems appropriate, to collect any other funds owed to the Association by Association Members or by third parties, including recording and foreclosing any liens upon Member's Lots for assessments or other charges due the Association.

(e) Issue, or to cause an appropriate officer 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;

(f) Obtain policies of insurance for Common Areas or Common Maintenance Areas if the Board deems appropriate;


(g) Obtain legal and accounting services if necessary to the administration of Association affairs, administration of the Common Areas and Common Maintenance Areas, or the enforcement of the Declaration or these Bylaws;

(h) Pay, from Association funds, all costs of maintaining the Common Areas or Common Maintenance Areas;

(i) If necessary, maintain any Lot if such maintenance is reasonably necessary in the judgment of the Board to (1) protect Common Areas and Common Maintenance Areas, or (2) to preserve the appearance and value of the Properties or Lot. The Board may authorize such maintenance activities if the Owner or Owners of the Lot have failed to or refused to perform maintenance after written notice of the necessity of such maintenance has been delivered by the Board to the Owner or Owners of such Lot, provided that the Board shall levy a special assessment against the Owner or Owners of such Lot and the Lot for the cost of such maintenance. The Owner shall be given the period of time to perform maintenance following notice from the Board as is required by the Declaration or these Bylaws, or, in the absence of a provision stating a specific notice period, a reasonable time.

(j) (1) The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire Properties or any part thereof which is claimed or may, in the opinion of the Board, constitute a lien against the Properties rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such liens, they shall be jointly and severally liable for the cost of discharging it and any costs or expenses, including reasonable attorneys' fees and costs of title search incurred by the Board by reason of such lien or liens. Such fees and costs shall be assessed against the Owner or Owners and the Lot responsible to the extent of their responsibility;

(2) This section 2(j) of Article VII shall not affect the right of any Owners, jointly and severally liable to the Association, to a right of contribution, from other Owners also jointly and severally liable under this Section 2(j), for sums paid to the Association under this Section 2(j).

- (k) Pay all utility charges attributable to Common Areas or Common Maintenance Areas;
- (l) Pay all costs deemed appropriate by the Board to ensure adequate security for the Lots and Common Areas and Common Maintenance Areas constituting the residential community created on the Properties;
- (m) Have the exclusive right to contract for goods, services, maintenance, and capital improvements provided, however, that such right of contract shall be subject to Association approval;
- (n) Improve the Common Areas and Common Maintenance Areas with capital improvements to such Common Areas and Common Maintenance Areas; provided that for those capital improvements exceeding \$5,000.00, the addition of such capital improvements to the Common Areas and Common Maintenance Areas must be approved by two-thirds (2/3) of the Members of the Association who are voting in person or by proxy at a meeting duly called for this purpose;
- (o) Enter any Lot or Residence, when reasonably necessary, in the event of emergencies or in connection with any maintenance, landscaping or construction for which the Board is responsible. Except in cases of emergencies, the Board, its agents or employees shall attempt to give notice to the Owner or occupant of any Lot or Residence 24 hours prior to such entry. Such entry must be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board, at Association expense, if the entry was due to an emergency (unless the emergency was caused by the Owner of the Lot entered, in which case the cost shall be specially assessed to the Lot and against the Owner of that Lot). If the repairs or maintenance activities were necessitated by the Owner's neglect of the Lot, the cost of such repair or maintenance activity shall be specially assessed to that Lot and against the Owner of the Lot. If the emergency or the need for maintenance or repair was caused by another Owner of another Lot, the cost thereof shall be specially assessed against the Owner of the other Lot and against the other Lot;
- (p) Adopt and publish any rules and regulations governing the Members and their guests and establish penalties for any infraction thereof; 
- (q) Declare the office of a member of the Board to be vacant in the event that a member of the Board is absent from three (3) consecutive regular meetings of the Board;
- (r) Employ a manager, an independent contractor, or such other employees as the Board deems necessary and describe the duties of such employees;
- (s) Pay for all goods and services required for the proper functioning of the Common Areas and Common Maintenance Areas;
- (t) Impose annual and special assessments;
- (u) Open a bank account on behalf of the Association and designate the signatories required;

(v) 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 by these Bylaws, Articles of Incorporation, or the Declaration. The Board shall have all powers and authority permitted to the Board under the Declaration and these Bylaws. However, nothing herein contained shall be construed to give the Board authority to conduct a business for profit on behalf of all the Owners of any of them.

ARTICLE VIII

OFFICER AND THEIR DUTIES

Section 1. Enumeration of Offices. 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 and a 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 this Association shall be elected annually by the Board, and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or 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. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at 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 replaced.

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 co-sign all checks and promissory notes.

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, if any, 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 an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; 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 of each to the Members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declarations, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. During the Development Period, the Declarant may elect to exercise and perform the functions of the Architectural Control Committee, as more fully set forth in the Declaration.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member.

ARTICLE XI
ASSESSMENTS

Section 1. As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments, and other charges (see Section 6, Article XVI of the Declaration), which are secured by a continuing lien upon the Property against which the assessment or other charge is made. Any assessments or other charges which are not paid when due shall be delinquent. If the assessment or other charge is not paid within thirty (30) days after the due date, the assessment or other charges shall bear interest from the date of delinquency at the rate of 12 percent (12%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment or other charges.

No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas and Common Maintenance Areas or abandonment of the Owner's Lot. The personal liability of any Owner for delinquent assessments or other charges shall not pass to his or her successors in title unless expressly assumed by them. Liens for delinquent assessments and other charges shall be recorded in the office of the King County Recorder.

Section 2. The assessments levied by the Association under Article VIII of the Declaration shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and for the improvements and maintenance of the Common Areas and Common Maintenance Areas (as provided in Article VII of the Declaration).

Section 3.

(a) Until January 1, 1992, the annual assessment shall be \$192.00 per Lot; twenty-five percent (25%) of which shall be allocated and paid to the Declarant for plat management services provided by Declarant (or by a professional management firm hired by Declarant). Such allocation of funds to the Declarant shall cease when the Development Period expires and the Association assumes collection costs, bookkeeping and other management responsibilities.

(b) The annual assessments described in this Article XI shall commence in the first calendar month following recording of the plat of Eastwood Forest, or any division thereof. If the plat is recorded in divisions, then the annual assessment shall only apply to those Lots recorded within each division based on the date each division is recorded. The first annual assessment for each Lot Owner shall be adjusted according to the number of months remaining in the calendar year calculated from the date of recording of the division in which the Lot is located.

(c) The annual assessment may be increased (after December 31, 1991) during the Development Period to reflect increased (1) maintenance costs, (2) repair costs, or (3) plat management costs. All increases during the Development Period must directly reflect increases in the above-recited costs.

(d) After the Development Period expires, the maximum annual assessment may not be increased each year more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership pursuant to Section 3(e) of this Article XI of the Bylaws.

(e) After the Development Period expires, the maximum annual assessment may be increased by more than ten percent (10%) over the previous year's maximum annual assessment only if two-thirds (2/3) of the Members of the Association, who are voting in person or by proxy at a meeting duly called for this purpose, consent to such an increase.

(f) After the Development Period expires, the Board of Directors shall fix the annual assessment in accordance with the above-recited standards.

ARTICLE XII

CORPORATE SEAL

The Association may have a seal in circular form, having within its circumference the words: "Eastwood Forest Homeowners' Association."

ARTICLE XIII

AMENDMENTS

Section 1. So long as Declarant is a Class A or Class B voting member of the Association, these Bylaws may not be amended without the written consent of the Declarant.

At such time as Declarant is no longer either a Class A or Class B voting member of the Association (or, prior to such time, with the consent of the Declarant), these Bylaws may be amended by a majority of the Board of Directors. The Members shall have concurrent power to amend the Bylaws (subject, if applicable, to obtaining any consent of Declarant required by this Section 1 of Article XIII) at a regular or special meeting of the Members, by a vote of a majority or a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV

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 the incorporation.

ARTICLE XV

DELEGATION OF USE

Any Owner may delegate his or her right of enjoyment of Common Areas and Common Maintenance Areas to members of his or her family, or to his or her tenants. In the event an Owner rents or leases his Property, a copy of this Declaration, as well as any rules or regulations that may be adopted by the Association, shall be made available by the Owner to the prospective renter at the time of commitment to the rental agreement. Each Owner shall also be responsible for informing guests and service personnel of the contents of this Declaration, as well as any rules and regulations that may be adopted by the Association as they may relate to appropriate community behavior.

Each Owner personally, and the Owner's Lot, shall be responsible for any damages to any Common Areas or Common Maintenance Areas (or any other area maintained by the Association) or to any other Association property, whether real or personal, caused by an Owner's family, guest, tenant, agent, workman, contractor, or other licensee or invitee. The Association shall have a lien upon the Owner's Lot for the amount of the damages.

ARTICLE XVI

DEVELOPMENT PERIOD; MANAGEMENT RIGHTS OF DECLARANT DURING DEVELOPMENT

Section 1. Management by Declarant. Development Period shall mean that period of time from the date of recording of the Declaration until (1) January 1, 1997, or (2) the thirtieth (30) day after Declarant has transferred title to the purchasers of Lots representing 100 percent (100%) of the total voting power of all Lot Owners as then constituted so that Declarant is no longer entitled to vote either as a Class A or Class B Member of the Association pursuant to Article III, Section 6 above, or (3) the date on which Declarant elects to permanently relinquish all of Declarant's authority under this Article XVI and Article III of the Declaration by written notice of all Owners, whichever date first occurs. Until termination of the Development Period, either upon the sale of the required number of Lots, the arrival of January 1, 1997, or at the election of the Declarant, the Property shall be managed and the Association organized at the sole discretion of the Declarant.

Section 2. Notice to Owners. Not less than ten (10) nor more than thirty (30) days prior to the termination of the Development Period, the Declarant shall give written notice of the termination of the Development Period to the Owner of each Lot. Said notice shall specify the date when the Development Period will terminate and shall further notify the Owners of the date, place and time when a meeting of the Association will be held. The notice shall specify that the purpose of the Association meeting is to elect new Officers and Directors of the Association. Notwithstanding any provisions of these Bylaws to the contrary, for the purpose of this meeting, the presence, either in person or by proxy, of the Owners of five (5) Lots shall constitute a quorum. The Board of Directors and Officers of the Association may be elected by a majority vote in said quorum. If a quorum shall not be present, the Development Period shall

nevertheless terminate on that date specified in said notice and it shall thereafter be the responsibility of the Lot Owners to provide for the operation of the Association.

Section 3. Declarant may in Declarant's sole discretion, and at such times as the Declarant deems appropriate (including in the Articles of Incorporation of the Association if Declarant is the Incorporator), appoint three (3) persons who may be Lot Owners, or are representatives of corporate entities or other entities which are Lot Owners, as a Temporary Board. This Temporary Board shall be for all purposes the Board of Directors of the Association and shall have full authority (including the authority to adopt or amend the initial or subsequent Bylaws of the Association) and all rights, responsibilities, privileges and duties to manage the Properties under this Declaration and shall be subject to all provisions of this Declaration, the Articles and the Bylaws. Provided that after selecting a Temporary Board, the Declarant, in the exercise of Declarant's sole discretion, may at any time terminate the Temporary Board and reassume Declarant's management authority under Article III or select a new Temporary Board under this section of Article XVI. When the Declarant has appointed a Temporary Board, the Temporary Board, during the Development Period, shall have and may fully exercise, any power or authority granted to the Permanent Board after the Development Period.

Section 4. So long as no Temporary Board is managing the Properties, or until such time as the first permanent Board is elected, should Declarant choose not to appoint a Temporary Board, Declarant or a managing agent selected by the Declarant shall have the power and authority to exercise all the rights, duties and functions of the Board and generally exercise all powers necessary to carry out the provisions of the Declaration and these Bylaws, including, but not limited to, enacting reasonable administrative rules, contracting for required services, obtaining property and liability insurance, collecting and expending all assessments and Association funds, and enforcing these Declarations (including foreclosing any liens provided for by these Declaration). Any such managing agent or the Declarant shall have the exclusive right to contract for all goods and services, payment for which is to be made from any monies collected from assessments. In the event that Association expenses exceed assessments, any monies provided by Declarant for Association expenses that would otherwise be paid for out of Association assessments shall be considered a loan to be repaid to Declarant through regular or special assessments from the Association, together with interest at 12 percent (12%) per annum.

Section 5.

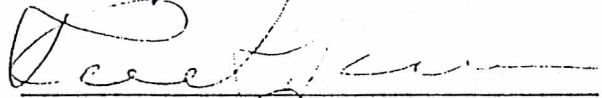
(a) Notwithstanding anything in these Bylaws to the contrary, Articles III, IV, V, VI, VII and VIII shall not create any obligations on Declarant during any period within the Development Period in which the Declarant (1) has not appointed a Temporary Board, and (2) Declarant is managing the Property pursuant to the Provisions of the Declaration and this Article XVI. Declarant, if Declarant wishes, may follow any provision of Article III, IV, V, VI, VII and VIII of these Bylaws.

(b) Declarant shall have the management authority granted by this Article XVI notwithstanding anything in these Bylaws to the contrary. Declarant has caused the Temporary Board to be appointed in the Articles of Incorporation of the Association. Declarant may terminate the Temporary Board and reassume the Declarant's management authority under this Article XVI, reappoint and terminate successor Temporary Boards, or take any other action permitted by this Article XVI, without affecting the authority given the Declarant by this Article XVI and the Declaration to manage the Property and organize the Association at the Declarant's sole discretion.

(c) This Article XVI shall cease to be effective upon the election of the first Board of Directors to be elected under Section 2 of this Article XVI.

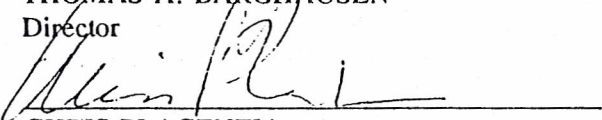
Section 6. The requirements and covenants contained in the Declaration and contained, in part, in this Section XVI of these Bylaws, are made to ensure that the Properties will be adequately administered.

IN WITNESS WHEREOF, we, being all of the Directors of Eastwood Forest Homeowners' Association, have hereunto set our hands this 5th day of September, 1991.



THOMAS A. BARGHAUSEN

Director



CHRIS PLACENTIA

Director

CAROL BENSON

Director