

BYLAWS
FOR
GRANDRIDGE MEADOWS HOMEOWNER'S ASSOCIATION,
a Washington Non-Profit Corporation

I.
Board of Directors

1.1 Powers and Authority of Board of Directors. The Board of Directors (the "Board") of the Grandridge Meadows Homeowner's Association (the "Association") shall govern in accordance with the Declaration of Covenants, Conditions, and Restrictions for "Grandridge Meadows" (the "Declaration") as recorded under Benton County Auditor's file No. 2004-031310, including the future amendments thereto. In connection therewith, the Board shall have the power to:

- (1) Adopt and amend rules, and regulations;
- (2) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from owners;
- (3) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- (4) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the Association, but not on behalf of owners involved in disputes that are not the responsibility of the Association;
- (5) Make contracts and incur liabilities;
- (6) Regulate the use, maintenance, repair, replacement, and modification of common areas;

(7) Cause additional improvements to be made as a part of the common areas;

(8) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;

(9) Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys;

(10) Impose and collect any payments, fees, or charges for the use, rental, or operation of the common areas;

(11) Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the Board or by the representative designated by the Board, and, in accordance with the procedures adopted by the Board, levy reasonable fines in accordance with a previously established schedule adopted by the Board and furnished to the owners for violation of the bylaws, rules, and regulations of the Association.

(12) To exercise any other powers conferred by these bylaws.

(13) To exercise all other powers necessary and proper for the governance and operation of the Association.

1.2 Number and Election of Directors. Administration of the Association shall be by a Board of three (3) directors elected from among owners of the Association at their annual meeting to be held in accordance with Section 1.4. The Board may, by a majority vote, increase or decrease the number of directors; provided, however, that there shall not be less than three (3) nor more than seven (7) directors. The directors shall hold office for a term of one year and shall remain in office until his or her successor shall have been elected at an annual meeting, unless sooner removed from office and replaced as herein provided. The directors, by majority vote, shall choose one of their number as the Chair of the Board, who shall preside over Board meetings.

1.3 Compensation. No director shall receive compensation for serving.

1.4 Annual Meetings. An annual meeting of the directors shall be held immediately following the annual meeting of the owners.

1.5 Special Meetings. Special meetings of the Board may be called by any director on three (3) days notice to every other director, and personal attendance of any director shall constitute waiver of notice by such director. A

majority of the qualified directors shall constitute a quorum for the convening of a meeting and conduct of business of the directors.

1.6 Officers. The Board shall elect a president, vice president, secretary and treasurer from among the owners. The president shall preside at all meetings of the Association and of the Board and may exercise the powers ordinarily allocable to the presiding officer of an Association, including the appointment of committees. All correspondence pertaining to the Association shall be signed by the president. The president shall also be responsible for executing and certifying all amendments to these bylaws or other governing documents of the Association. In the absence or inability of the president, the vice-president shall perform the functions of the president. The secretary shall keep minutes of the Association and keep such books and records as may be necessary and appropriate for the records of the Association and its Board. The treasurer shall maintain a bank account for the funds of the Association and deposit therein all assessments and other funds of the owners Association keeping accurate records thereof and disbursing the same only for purposes of the Association and as approved by the Board.

1.7 Removal. The owners by a majority vote of the voting power in the Association, present in person or by proxy, and entitled to vote at any meeting of the owners at which a quorum is present, may remove any member of the Board or any officer of the Association with just cause.

1.8 Vacancies. The remaining Board members shall fill any vacancy in the Board or among the officers of the Association by majority vote.

1.9 Meetings Generally Open/Minutes. All meetings of the Board shall be open for observation by all owners of record and their authorized agents. The Board shall keep minutes of all actions taken by the Board, which shall be available to all owners. Upon the affirmative vote in open meeting to assemble in closed session, the Board may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of an owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

II. Owner's Meetings

2.1 Annual Meeting. There shall be an annual meeting of the owners during each calendar year at such reasonable place, date and time as may be designated by the Board.

2.2 Quorum. There shall be no quorum requirement for meetings of owners. Action taken by a majority of owners present in person or by proxy shall be binding except where provided otherwise in these bylaws or related covenants, reservations and restrictions.

2.3 Voting. Voting by members of the Association shall be in conformance with the applicable provision of the Declaration. All owners may vote in person or by written proxy. If any more than one individual is the owner of any lot, the co-owners shall be required to designate the voting individual for their lot. In the absence of designation the individual whose name first appears on title shall be the designated voting owner.

The Association shall have two (2) classes of voting membership.

(1) **Class A:** Class A members shall be all owners of single family lots, except for those lots owned by either TMT Homes (NW), LLC or JSI Construction, Inc. and their successors or assigns, provided that such successors or assigns acquire more than one lot for the purpose of development and acquire such lots by written instrument in recordable form that specifically assigns the rights and duties of either TMT Homes (NW), LLC or JSI Construction, Inc.

(2) **Class B:** Class B members shall be TMT Homes (NW), LLC and JSI Construction, Inc. and their successors or assigns, subject to the limitations set forth above. Class B members shall be entitled to three (3) votes for each lot owned, and may veto Class A member votes at any time until all lots with in the Property are sold to a third-party.

Class B membership shall cease and be converted to Class A membership on the happening of the first of the following events:

(1) When TMT Homes (NW), LLC or JSI Construction, Inc. sell the last lot within the Property to a third-party; or,

(2) On August 31, 2010.

2.4 Special Meetings. Special meetings of the Association may be called by the president, a majority of the Board, or by owners having ten percent of the votes in the Association.

2.5 Meeting to Adopt Budget. Within thirty (30) days after adoption by the Board of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the owners to which a majority of the votes in the Association are allocated reject the budget, in person or by proxy, the budget so proposed shall be deemed to be ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the owners shall be continued until such time as the owners ratify a subsequent budget proposed by the Board. It is contemplated that the budget will be adopted at the annual meeting of the owners.

2.6 Notice of Meetings. Not less than fourteen (14) days, nor more than sixty (60) days in advance of any meeting, the secretary, or other officer or agent of the Association to whom such duty has been delegated by the Board, shall cause notice to be delivered to each owner of record. Delivery may be in person, by mail, or by e-mail if an e-mail address has been provided by the owner. The notice of any meeting shall state the time and place of the meeting and the business to be placed on the agenda by the Board for a vote by the owners, including the general nature of any proposed amendment to the articles of incorporation, bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

III.

Architectural Control Committee

3.1 Committee Membership. The architectural control committee (the "Committee") shall be composed of three (3) members. Two of the members of the Committee shall be Tofigh Tahvili and Arun Joshi as representatives of TMT Homes (NW), LLC and JSI Construction, Inc. respectively, or an agent designated by either individual, and they shall jointly choose the third member of the Committee. In the event that there is a vacancy in the membership of the Committee, the Board, by majority vote, shall fill such vacancy; provided, however, that either Mr. Tahvili or Mr. Joshi may veto any Committee member selected by the Board.

3.2 Committee Powers. The Committee shall have such powers, and perform such acts, as are set forth for the Committee in the Declaration. The Committee shall have the power to make such rules and regulations as are necessary and property to exercise the powers as are set forth for the Committee

in the Declaration or to enforce the use and maintenance restrictions contained in the Declaration. The Committee shall act by majority rule, and the decision of the majority of the members of the Committee shall be the decision of the Committee as a whole.

IV. Financial and Other Records

4.1 Maintenance and Ownership. The Association or its managing agent shall keep financial and other records sufficiently detailed to enable the Association to fully declare to each owner the true statement of its financial status. All financial and other records of the Association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the Association. Each Association managing agent shall turn over all original books and records to the Association immediately upon termination of the management relationship with the Association, or upon such other demand as is made by the Board. An Association managing agent is entitled to keep copies of Association records. All records which the managing agent has turned over to the Association shall be made reasonably available for the examination and copying by the managing agent.

4.2 Right to Examine Records. All records of the Association, including the names and addresses of owners and other occupants of the lots, shall be available for examination by all owners, holders of mortgages on the lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the Association or its managing agent. The Association shall not release the unlisted telephone number of any owner. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records.

4.3 Annual Financial Statement. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association. If annual assessments exceed fifty thousand dollars, the financial records shall be audited at least annually by an independent certified public accountant. Such audit may be waived if sixty-seven percent of the votes cast by owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit.

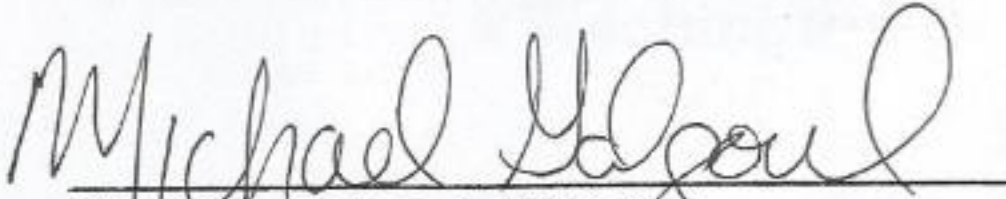
4.4 Funds to be Held in Separate Accounts. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds.

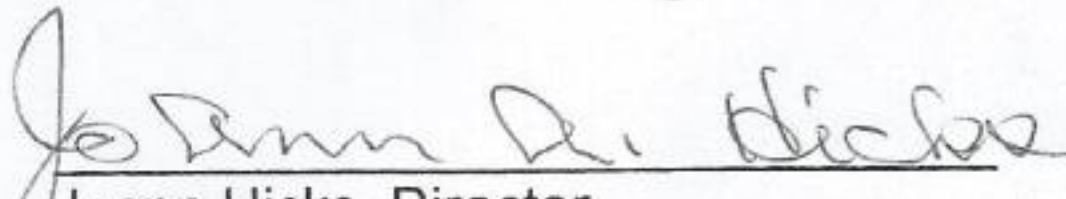
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Amendments

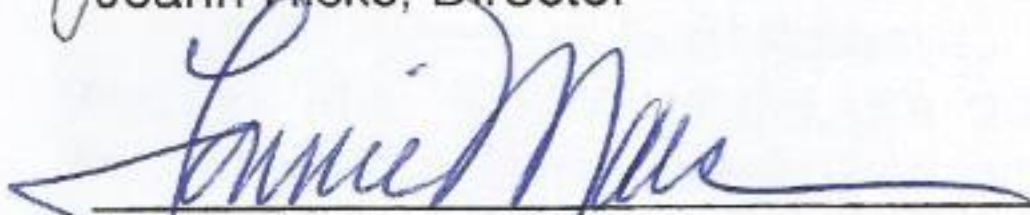
These Bylaws may be amended by the Association at an annual or special meeting, by the majority vote at any meeting where at least thirty four percent (34%) of the owners are present.

DATED at Richland, Washington, this 26th day of March, 2009.

GRANDRDIGE MEADOWS HOMEOWNERS' ASSOCIATION
A Washington Non-Profit Corporation


Michael Galgoul, Director


Joann Hicks, Director


Lonnie Marcum, Director