

**THIRD AMENDED AND RESTATED BYLAWS OF
THE RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION**

ARTICLE I

PLAN OF OWNERSHIP

1.1 Name, Structure and Location. The name of the owners association is **THE RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION**, referred to below as the "Association". The Association is a Washington nonprofit corporation. The principal office of the Association shall be in Spokane County, Washington.

1.2 Application to Project. The provisions of these Bylaws are applicable to the platted residential community known as The Ridge at Hangman, located in Spokane County, State of Washington, as now existing or hereafter amended, referred to below as the "Property". All present and future owners and their tenants, future tenants, employees, and any other persons who might use any portion of the Property or its facilities in any manner, are subject to the regulations set forth in these Bylaws, the Articles of Incorporation for the Association, and the Declaration of Covenants, Conditions and Restrictions and Reservations of Easements for the subdivision, referred to below as the "Declaration", all as now existing or as hereafter amended or modified. The mere act of becoming an Association Member or Owner of any portion of any Building Lot shall signify that these Bylaws are accepted and ratified, and will be observed.

1.3 Meaning of Terms. Unless otherwise specifically provided herein, the definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE II

MEMBERSHIP, MEETINGS AND VOTING RIGHTS

2.1 Classes of Members. The Association shall have two (2) classes of membership, both with voting rights, in accordance with the Articles.

2.2 Voting and Quorum Requirements. Except as otherwise expressly provided in the Declaration, the Articles or these Bylaws, any action by the Association which must have the

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approval of the Association membership before being undertaken shall require the vote or written assent of the prescribed percentage to the total voting power of the Association. Except on matters specifically provided for in the Declaration, the Articles, these Bylaws, or by law, the vote of a majority of a quorum present at any meeting (in person or by proxy) shall constitute the vote of the Members.

2.3 Quorum. The presence in person or by proxy of the Class B Member where there is such a Member, and of the Class A Members representing owners holding at least twenty percent (20%) of the total votes of all Class A Members, shall constitute a quorum. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If any meeting cannot be held because a quorum is not present, the Members present may, as otherwise provided by law, adjourn the meeting to a time not less than ten (10) days nor more than thirty (30) days from the time the original meeting was scheduled. A second meeting may be called as the result of such an adjournment, provided notice is given as provided above.

2.4 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 before the appointed time of each meeting. All proxies shall be valid only for the meeting for which the proxies are given (including any reconvened meeting in the event of an adjournment), unless provided otherwise in the proxy. Every proxy shall be revocable and shall automatically cease upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of such Member.

2.5 Annual Meetings. Regular annual meetings of the Members of the Association shall be held not less frequently than once each calendar year prior to April 15 at such suitable place convenient to the Members, as may be designated by the Board.

2.6 Special Meetings. A special meeting of Members of the Association may be called by the President or by the Board (upon the vote for such a meeting by a majority of a quorum of the Board or upon written agreement of three or more Board members). A special meeting shall also be called by the Board upon receipt of a written request therefore, signed by Members representing not less than ten percent (10%) of the total voting power of the Association.

2.7 Notice and Location of Meetings. At the direction of the President, the Secretary, or the officers or persons calling a meeting, written notice of regular and special meetings shall be given by the Secretary to all Members in the manner specified for notices under these Bylaws. Such notice shall specify the place, day, and hour of the business to be undertaken, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except in the case of an emergency, at least fourteen (14) days notice but not more than sixty

(60) days notice of any meeting shall be provided prior to the meeting. Meetings of the Association shall be held at such suitable place convenient to the Members as may be designated by the Board. Notice shall also be delivered to any institutional lender filing a written request with the Association, and any such lender shall be permitted to designate a representative to attend all such meetings.

2.8 Action Without Meeting. So long as the aggregate number of votes held by the Class B Members exceed the aggregate number of votes held by all Class A Members, any action which could be taken at a meeting of the Members may be taken without a meeting so long as agreed to in writing by the Class B Members. Thereafter, any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by the percentage of Members entitled to vote thereon.

2.9 Rules at Meetings. Except as otherwise provided in these Bylaws, the Articles or the Declaration, all meetings of the Members shall be governed by Roberts Revised Rules of Order.

ARTICLE III

BOARD OF TRUSTEES

3.1 Number and Term of Trustees. From and after the first annual meeting of the Members, the Board shall consist of no less than three (3) nor more than seven (7) Trustees, as determined from time to time at meetings of the Association, each of whom shall be a Lot Owner or an agent of Declarant (while Declarant remains a Lot owner). Unless sooner removed, each Trustee shall serve for a three year term to commence on the adjournment of the Annual Meeting at which the election was held except that terms may be shorter than three years as determined by the Board to provide for staggered terms of office. Upon the expiration of each Trustee's term of office, a successor shall be elected to serve a term of three years. A Trustee may be elected to one consecutive term of office.

3.2 Election of Board of Trustees.

3.2.1 Nomination. The Board shall appoint a Nominating Committee, which shall consist of a Chairman, who shall be a member of the Board of Trustees, and two (2) or more Members of the Association. The Committee shall be appointed at least sixty (60) days prior to each annual meeting of the Members, to serve until the close of such annual meeting, and shall make as many nominations for election to the Board of Trustees as it shall, in its discretion, determine; but not less than the number of vacancies that are to be filled. Nominations for election to the Board of Trustees may also be made by individual Members according to rules and procedures established by the Board.

3.2.2 Elections. So long as the aggregate number of votes held by the Class B Members exceed the aggregate number of votes held by the Class A Members, the Class B Members shall be entitled to appoint and remove members of the Board of Trustees, in the discretion of the Class B Members. Thereafter, elections of Board members shall be by secret written ballot at a meeting where a quorum is present, with each Board Member to be elected by the majority of the Membership votes cast in the election, including the votes of both the Class A and Class B Members. There shall be no cumulative voting.

3.3 Removal. Except with regard to the removal authority reserved to the Class B Members provided in the preceding subsection, any Trustee shall be subject to removal at any time with or without cause with a majority vote of the total voting power of the Members of the Association, including Class A and Class B Members present in person or by proxy and entitled to vote at a meeting at which a quorum is present.

3.4 Vacancies. Vacancies in the Board shall be filled by vote of the majority of the remaining Trustees for the remainder of the term of the Trustee being replaced or until a successor is elected and qualified at a special meeting of the Members called for that purpose.

3.5 Regular Meetings. Regular meetings of the Board shall be conducted at least annually at a time and place as may be convenient to all Board Members (or by telephonic conference call), as may be fixed by the Board, and shall be open for observation by all Members. Notice of the time and place of the regular meetings shall be given to each Trustee, personally or by mail, telephone or facsimile, at least three (3) days prior to the day named for the meeting.

3.6 Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Trustees other than the President. Notice shall be provided to all Trustees in the manner prescribed for notice of regular meetings, and shall include a description of the nature of any special business to be considered by the Board.

3.7 Waiver of Notice. Before, at, or after any meeting of the Board, any Trustee may, in writing, waive notice of such meeting and such a waiver shall be deemed equivalent to the giving of such notice to that Trustee. Attendance by a Trustee at any meeting of the Board shall be a waiver of notice by that Trustee of the time and place of the meeting; provided that a Trustee may attend a meeting to object to the transaction of any business at such meeting on the basis that the meeting was not lawfully called or convened and such attendance shall not be considered a waiver of notice.

3.8 Quorum. The presence in person of a majority of the Trustees at any meeting of the Board shall constitute a quorum. The vote of a majority of the quorum actually present at

any meeting shall constitute the vote of the Board unless expressly provided to the contrary in these Bylaws or in any future amendment hereto.

3.9 Action by Consent of Trustees. Any action which may be taken by the Board of Trustees may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD OF TRUSTEES

4.1 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following:

4.1.1 To select, appoint, supervise, and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Articles, the Declaration and these Bylaws; and to require from them security for faithful service when deemed advisable by the Board;

4.1.2 To enforce the applicable provisions of the Declaration, Articles, these Bylaws and other documents relating to the ownership, management and control of the Property;

4.1.3 To adopt and publish rules and regulations governing the use of the Common Areas, and to establish procedures and penalties for the infraction thereof;

4.1.4 To pay all taxes, assessments and other monetary obligations which rightfully are or could become a lien upon any portion of any Common Areas or facilities;

4.1.5 To contract for casualty, liability and other insurance on behalf of the Association as appropriate for such an Association or as required by the Declaration;

4.1.6 To cause any Common Areas and facilities to be maintained and insured, and to contract for goods and/or services for the Association, subject to the limitations set forth in these Bylaws;

4.1.7 To delegate its powers to committees, officers or employees of the Association, or to a management company pursuant to a written contract, or to others as expressly authorized by these Bylaws;

4.1.8 To keep complete and accurate books and records of the receipts and expenditures of the Association (relating to the Common Area and otherwise), specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures; to provide for independent audits as required by law and these Bylaws;

4.1.9 To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Articles, Declaration, these Bylaws and such rules as may be promulgated by the Board, in accordance with procedures set forth in these Bylaws;

4.1.10 To enter upon any privately owned Lot as necessary in connection with construction, maintenance or emergency repair for the benefit of the Property or the Owner;

4.1.11 To fix and collect Regular, Special and Limited Assessments, according to the Declaration and these Bylaws, and, in the Board's discretion, foreclose the lien against any Lot for which an assessment is not paid within sixty (60) days after the due date, or bring an action at law against the Owner personally obligated to pay such assessment;

4.1.12 To prepare and file annual tax returns with the federal government and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association.

4.2 Limitation on Board's Power. Except with the vote or written approval of a majority of the voting power of the Association, the Board shall be prohibited from taking any of the following actions:

4.2.1 Incurring aggregate expenditures for capital improvements to any Common Area in any fiscal year in excess of five percent (5%) of budgeted gross expenses of the Association for that fiscal year;

4.2.2 Selling during any fiscal year, property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year;

4.2.3 Paying compensation to Trustees or to Officers of the Association for services performed in the conduct of the Association's business in their role as Trustee or Officer; provided, however, that the Board may cause a Trustee or Officer to be reimbursed for expenses incurred in carrying on the business of the Association or may pay a Trustee or Officer for other services rendered on behalf of the Association;

4.2.4 Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area, facilities or the Association for a term longer than two (2) years with the following exceptions:

(a) A Contract with a public utility company if the rates charged for the materials or services are regulated by government authority; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(b) Prepaid casualty and/or liability insurance policies not to exceed three (3) years' duration, provided that the policy permits for short rate cancellation by the insured;

Any agreement for professional management of the Project or any other contract providing for services by Declarant shall provide for termination by either party without cause and without payment of a termination fee on thirty (30) days or less written notice and shall provide for a maximum contract term of one (1) year.

ARTICLE V

OFFICERS

5.1 Enumeration and Term. The officers of this Association shall be a President, Vice-President, Secretary and Treasurer, and such other officers as the Board may, from time to time, by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

5.2 Election of Officers. The election of officers shall take place at the annual meeting of the Board of Trustees following each annual meeting of the Members.

5.3 Resignation and Removal. Any officer may be removed from office by a majority of the Board at any time with or without cause. Any officer may resign at any time by 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.

5.4 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 being replaced.

5.5 Multiple Offices. Any two or more offices may be held by the same person, except the offices of President and Secretary may not be held by the same person unless there is only one Trustee.

5.6 Duties. The duties of the officers are as follows:

5.6.1 President. The President shall preside at all meetings of the Board of Trustees; 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 (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company as provided in these Bylaws) and promissory notes.

5.6.2 Vice-President. The Vice-President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

5.6.3 Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; 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. The duties of the Secretary as set forth above may be delegated to a management company as provided in these Bylaws provided however, the Board shall also have the right to hire another individual or firm to prepare minutes of meetings and to compensate such individual or firm for such services.

5.6.4 Treasurer. 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 Trustees; shall co-sign all checks and promissory notes of the Association; and shall keep proper books of account and prepare or have prepared financial statements as required in these Bylaws. The duties of the Treasurer as set forth above may be delegated to a

management company as provided in these Bylaws.

ARTICLE VI

DISCIPLINE OF MEMBERS: SUSPENSION OF RIGHTS

The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of such Owner's individually owned Lot on account of a failure by the Owner to comply with provisions of the Declaration, Articles, these Bylaws, or of duly enacted rules of operation for the Common Area and facilities, except where the loss or forfeiture is the result of the judgment of a court or a foreclosure or sale under a power of sale for failure of the Owner to pay assessments levied by the Association. Notwithstanding the foregoing, any Owner who is in default for a period in excess of sixty (60) days for failure (1) to pay assessments levied by the Association or (2) to comply with any written notices authorized by the Board of actions to be taken, shall not be allowed to vote or otherwise participate in the affairs of the Association until such default is cured. The Board shall have the power to impose monetary penalties or other appropriate discipline for failure to comply with the Declaration, Articles, these Bylaws or duly enacted rules. In the case in which monetary penalties are to be imposed, such penalties shall also include actual attorney's fees and all actual costs in connection with the collection of such penalties.

ARTICLE VII

BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

7.1 Budgets and Financial Statements. Financial statements and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association.

7.2 Fiscal Year. The fiscal year of the Association shall be as designated by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

7.3 Inspection of Association's Books and Records. The Association's books and records shall be made available to all Members as set forth in RCW Chapter 64.38.045. The Board may adopt rules governing Members' access to this information. Every Trustee shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Trustee includes the right to make extracts and copies of documents.

ARTICLE VIII

AMENDMENT OF BYLAWS

These Bylaws may be amended at any time and in any manner by the vote or written assent of a majority of the total voting power of the Association; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision; and provided further, that any such amendment shall not be inconsistent with the law.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Regulations. All Owners, tenants, or their employees, or any other person that might use the facilities of the Property in any manner are subject to the regulations set forth in these Bylaws and in the Project Documents and to all reasonable rules enacted pursuant to the Declaration. Acquisition, rental, or occupancy thereof shall constitute acceptance and ratification of the provisions of all such rules and regulations.

9.2 Compensation and Indemnity and Release of Trustees and Officers. No Trustee or Officer shall receive any loan from the Association, or shall receive any compensation for services rendered for or on behalf of the Association in their role as Trustee or Officer, except reimbursement or other services according to Article 4 of these Bylaws.

To the fullest extent permitted by law, the Association shall indemnify and release Trustees, Officers and committee members from liability or obligations arising from their conduct on behalf of the Association. Provided, this provision shall not eliminate or limit the liability of a Trustee, Officer, or committee member for acts or omissions that involve intentional misconduct, a knowing violation of law, or for any transaction from which such person or any related entity will personally benefit in money, property or services to which such person or any related entity is not legally entitled.

9.3 Committees. The Board may, by resolution, designate one or more committees, each of which shall include at least one (1) of the Trustees, and which shall have such powers to act on behalf of the Board as may be set forth in the resolution, subject to prohibitions or limitations imposed by law.

9.4 Notices. Any notice permitted or required to be given by these Bylaws, the Articles, the Declaration, or other Documents enacted to govern the affairs of the Property

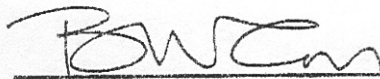
may be delivered either personally or by mail, or as otherwise specifically provided in such Document. If delivery is by mail, it shall be deemed to have been given upon deposit thereof in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the Member at the Building Lot if no address has been given to the Secretary.

ADOPTION OF BYLAWS

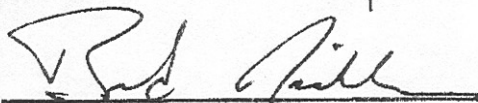
We, the undersigned, being all of the Trustees of THE RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION, do hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of THE RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION.

EXECUTED by the undersigned as of the 1st day of July 2009.

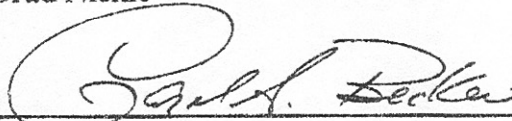
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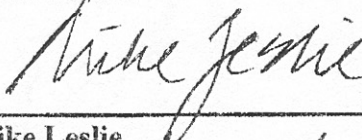
Brian M. McCoy



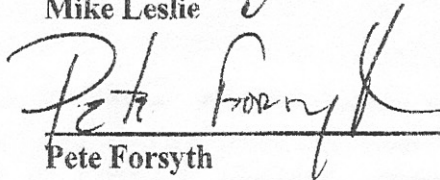
Brad Nickle



Carol Becker



Mike Leslie

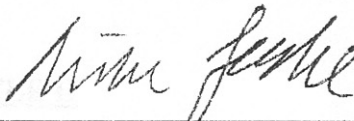


Pete Forsyth

The undersigned, the duly elected Secretary of THE RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION, does hereby certify:

The foregoing Bylaws were adopted as the Bylaws of said Association as of July 1, 2009, and that the same do now constitute the Bylaws of said Association.

EXECUTED by the undersigned as of the 1st day of July 2009.



Mike Leslie, Secretary

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