

BYLAWS
OF
AMBERLEIGH HOMEOWNERS' ASSOCIATION

1. NAME AND LOCATION

1.1 Name. The name of the corporation is AMBERLEIGH HOMEOWNERS' ASSOCIATION, hereinafter referred to as the "Association."

1.2 Offices. The corporation shall continuously maintain within the state of Washington a registered agent and office as required by the Washington Nonprofit Corporation Act. The corporation may have other offices at such place or places as the Board of Directors may from time to time determine.

1.3 Place of Meetings. Meetings may be held at such places within the State of Washington, County of Snohomish as may be designated by the Board.

2. APPLICATION OF BYLAWS

2.1 These Bylaws and the rules and regulations established from time to time by the Association for the use and operation of Amberleigh Homeowners' Association shall apply to all present or future members of the Association, lot owners, or others having a full or partial legal or equitable interest in a lot, mortgagees, lessees, tenants, licensees, and occupants of lots, and their guests and employees, and any other persons using any lot or any of the common property.

3. DEFINITIONS

3.1 The terms used in these Bylaws shall have the same meaning as in the Declaration of Covenants, Conditions and Restrictions for Amberleigh Homeowners' Association (hereinafter "Declaration") as they may be amended from time to time, unless specifically indicated to the contrary.

4. PURPOSES

4.1 The Association is formed to:

(a) Carry out the duties, obligations and responsibilities and to exercise the rights imposed upon or accorded to the Association by the Declaration of Covenants, Conditions and Restrictions ("Declaration") of the Amberleigh subdivision as contained in the Declaration filed under Recording No. 9503300291 in the Records of Snohomish County, Washington;

(b) Maintain the zoning of Amberleigh as a single-family residential zone; and

(c) Seek to maintain residentially-compatible zoning in the contiguous area.

The Association is incorporated as a not-for-profit corporation for the accomplishment of the foregoing objectives any other objectives which may appear conducive to the interest and benefit of the members of the Association.

5. MEMBERSHIP

5.1 Membership. Every person or entity who is an Owner of any Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. All Members shall have rights and duties as specified in the Declaration, Articles of Incorporation and Bylaws of the Association. Ownership of a Lot shall be the sole qualification for membership.

5.2 Suspension of Membership. During any period in which a Member shall be in default in the payment of any assessment levied by the Association or the Developer, the voting rights of such Member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed one hundred eighty (180) days, for violation of any rules and regulations established by the Board of Directors.

6. PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

6.1 Each Member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration. Any Member may delegate his right of use and enjoyment of the Common Area to the members of his family, his tenants and friends, subject to rules and regulations adopted by the Association.

7. BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

7.1 Number. The affairs of this Association shall be managed by a Board of three (3) directors, and each director must be a Member of the Association.

7.2 Term of Office. At the first annual meeting 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; and at each annual meeting thereafter the Members shall elect one (1) director for a term of three (3) years.

7.3 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 for the unexpired term of his predecessor.

7.4 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.

7.5 Action Taken Without a Meeting. The directors 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.

8. MEETINGS OF BOARD OF DIRECTORS

8.1 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should such meeting date 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. Meetings shall be conducted in accordance with the requirements of RCW 64.38.035(2).

8.2 Special Meetings. Special meeting of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors. Attendance by a director at any special meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

8.3 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 quorum is present shall be regarded as the act of the Board.

8.4 Notice. Oral or written notice of the time and place of each annual or special meeting shall be given by the secretary, or the persons calling the meeting, by mail, private carrier or personal delivery, telegraph or teletype, or telephone, wire or wireless equipment which transmits a facsimile of the notice, or otherwise at least seventy-two (72) hours in advance of the time of the meeting. If mailed, such notice shall be deemed effective when mailed, if mailed with first-class postage prepaid addressed to a director at his or her address shown on the records of the Corporation at least five (5) days before the meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, and no writing shall be required, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

9. NOMINATION AND ELECTION OF DIRECTORS

9.1 Nominations. Nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at any annual meeting of the Members. 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.

9.2 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, one (1) vote. The persons receiving the largest number of votes shall be elected. Such election may, in the discretion of the Board of Directors, be conducted by mail.

10. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

10.1 Powers. The Board of Directors shall have the power to:

(a) Insurance. Obtain policies of insurance for Common Areas and Common Maintenance Areas.

(b) Legal and Accounting Services. Obtain legal and accounting services if necessary to the administration of Association affairs, administration of the Common Areas, or the enforcement of the Declaration.

(c) Maintenance. Pay all costs of maintaining the Common Areas and Common Maintenance Areas. 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) 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 or refused to perform maintenance within a reasonable time 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 for the cost of such maintenance.

(d) Discharge of Liens. 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 or against the Common Areas 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.

(e) Utilities. Pay all utility charges attributable to Common Areas and Common Maintenance Areas.

(f) Right to Contract. Have the exclusive right to contract for all goods, services, maintenance, and capital improvements.

(g) Improvement of Common Areas. Improve the Common Areas with capital improvements to such Common Areas; provided that for those capital improvements exceeding \$15,000, fifty-one percent (51%) of the Owners must approve the addition of such capital improvements to the Common Areas.

(h) Right of Entry. 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. 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 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). 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. 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.

(i) Rules. Adopt and publish rules and regulations governing the Members and their guests, and to establish penalties for the infraction thereof.

(j) Declare the Office of a Director Vacant. 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.

(k) Employ Managers, Independent Contractors and Others. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(l) Payment for Goods and Services. Pay for all goods and services required for the proper functioning of the Common Areas and Common Maintenance Areas.

(m) Impose Assessments. Impose annual and special assessments.

(n) Bank Account. Open a bank account on behalf of the Association and designate the signatories required.

(o) Exercise Powers, Duties and Authority. Exercise for the Association all powers, duties and authority vested in or delegated to this Association, including all powers set forth in RCW 24.03.035, and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

(p) Security. Pay all costs deemed appropriate by the Board to ensure adequate security for the Lots and Common Areas constituting the residential community created on the Properties.

(q) Comply With and Enforce Declarations, Articles and Bylaws. Take any and all actions necessary to comply with and enforce the provisions and requirements of the Declaration, the Articles of Incorporation and these Bylaws, and all powers and rights as provided in the Declaration.

10.2 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, in compliance with the requirements of RCW 64.38.045(1), and to present a statement thereof to the Members at the annual meeting of the Members;

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

(c) To fix, levy and collect assessments as provided in the Declaration;

(d) Cause the Common Area to be maintained;

(e) Issue, or to cause an appropriate officer to issue, upon demand by any person or entity, 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 of such payment;

(f) Cause the utility charges for the Common Area to be paid as appropriate;

(g) Cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate;

(h) To obtain insurance as provided in the Declaration;

(i) Cause the landscaping to be maintained as provided in the Declaration.

(j) Cause the taxes on the Common Area to be paid; and

(k) Perform any and all duties necessary to comply with the provisions and requirements of the Declaration, the Articles of Incorporation and these Bylaws.

10.3 Standard of Care, Restrictions. The Directors shall act in all instances on behalf of the Association in accordance with the requirements of RCW 64.38.025.

11. COMMITTEES

11.1 The Board of Directors shall appoint a nominating committee, as provided in these Bylaws and such other committees as are deemed appropriate in carrying out its purpose.

12. MEETINGS OF MEMBERS

12.1 Annual Meetings. The first annual meeting of the members shall be held as provided in the Declaration, 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 7:00 p.m. unless the time of such meeting shall be changed by resolution of the Board of Directors. 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.

12.2 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 ten percent (10%), or more, of the total votes of the entire membership.

12.3 Notice of Meetings. Unless otherwise specifically provided in the Declaration, or in the Articles or Bylaws, written notice of each meeting of the Members shall be given not less than fourteen (14) nor more than sixty (60) days in advance of the meeting, and the secretary or other officers specified in these Bylaws shall cause the notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each owner or to any other mailing address designated in writing 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 of directors 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 obligations, and any proposal to remove a director.

12.4 Quorum. Unless otherwise specifically provided in the Declaration, the presence at a meeting of Members or proxies entitled to vote or cast thirty-four percent (34%) of the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

12.5 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

12.6 Action Taken Without Meeting. Any action required to be taken at a meeting of the Members or 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 shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

13. OFFICERS AND THEIR DUTIES

13.1 Enumeration of Officers. The officers of this Association shall be a president, a vice president, secretary and a treasurer and such other officers as the Board may from time to time by resolution create.

13.2 Election by Officers. The officers of this Association shall be elected annually by the Board.

13.3 Term. Each officer shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

13.4 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.

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

13.6 Vacancies. A vacancy in any office may be filled in the manner prescribed for special appointments. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

13.7 Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section Four of this Article.

13.8 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.

VICE PRESIDENT

(b) The vice president shall act in the place and stead of the president in 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; 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 along with the president; keep the proper books of account; 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.

14. BOOKS AND RECORDS

14.1 The Corporation shall keep at its registered office, its principal office, or at its secretary's office within the State of Washington such records as may be required by RCW 64.38.045, including but not limited to:

- (a) Current Articles of Incorporation and Bylaws;
- (b) A record of Members including names, addresses and classes of membership, if any
- (c) Correct and adequate records of accounts and finances;
- (d) A record of officers' and directors' names and addresses;
- (e) Minutes of the proceedings of the Members, the Board of Directors and any committees of the Board.

All books and records of the Association may be inspected by any Member, his agent, his attorney or his mortgagee, for any proper purpose at any reasonable time.

15. CONTRACTS, LOANS, CHECKS AND DEPOSITS

15.1 Contracts. Unless otherwise specifically provided in the Articles or Bylaws or Declaration, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

15.2 Loans. No loans shall be made by the corporation to its directors or officers. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name, unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

15.3 Checks, Drafts or other Evidences of Indebtedness. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by the President and/or the Treasurer as determined by the Directors.

15.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories

as the Board of Directors may select. 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.

16. AMENDMENTS AND CONFLICTS

16.1 By the Members. These Bylaws may be amended at a regular or special meeting of the Members, by a vote of fifty-one (51%) of the total votes of the entire membership.

16.2 By the Board of Directors. These Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted by the Board of Directors, at any regular or special meeting of the Board of Directors; provided, however, that the Directors shall not take any action that requires the vote or approval of the owners, to terminate the association, to elect members of the Board of Directors, or to determine the qualifications, powers, and duties, or terms of office of members of the board of directors, pursuant to RCW 64.38.025(2).

16.3 Conflicts. 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.

16.4 Execution of Amendments. The President and Secretary are authorized to prepare, execute, certify, and record amendments to the governing documents of behalf of the Association.

17. GENERAL PROVISIONS

17.1 Waiver Of Notice. Whenever any notice is required to be given to any member or Directors of the Association under the provisions of these Bylaws, a waiver thereof, in writing, signed by the persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

17.2 Terms. This Declaration is to be read with all changes of number and gender required by the context.

17.3 Fiscal Year. The Association shall operate on a fiscal year commencing on July 1 and ending on June 30.

18. INDEMNIFICATION

18.1 The Corporation shall indemnify an individual made a party to a proceeding because the individual is or was a Director, officer or agent against all liability, damage, or expense to the maximum extent and under all circumstances permitted by the Washington Business Corporation Act, as the Act now exists or may hereafter from time to time be amended, except that the Corporation shall not indemnify a Director against liability, damage, or expense resulting from the Director's gross negligence. Any repeal or modification of this Article shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal

or modification for or with respect to an act of such Director occurring prior to such repeal or modification.

IN WITNESS WHEREOF, we, being all of the initial directors of Amberleigh Homeowners' Association, have hereunto set our hands this 22nd day of December, 1998, to adopt these Bylaws, which were ratified and amended by Members at the initial general membership meeting held on December 17, 1998.

_____/S/_____
Robert P. Williamson

_____/S/_____
Anthony Munko

_____/S/_____
Russell Kimball