

BYLAWS

OF

CRYSTAL VIEW ESTATES HOMEOWNERS ASSOCIATION

I N D E X

	<u>Page</u>
ARTICLE I	1
NAME AND LOCATION	1
ARTICLE II	1
PURPOSE	1
ARTICLE III	1
DEFINITIONS	1
ARTICLE IV	1
MEMBERSHIP	1
ARTICLE V	2
BOARD OF DIRECTORS	2
5.1 <u>Powers</u>	2
5.2 <u>Number</u>	2
5.3 <u>Composition</u>	2
5.4 <u>Election</u>	2
5.5 <u>Term</u>	2
5.6 <u>Removal</u>	2
5.7 <u>Place of Meetings</u>	2
5.8 <u>Annual Meetings</u>	3
5.9 <u>Special Meetings</u>	3
5.10 <u>Proceedings</u>	3
5.11 <u>Presence at Meetings</u>	3
5.12 <u>Powers and Duties of Board of Directors</u>	3
5.13 <u>Duties</u>	4
ARTICLE VI	4
OFFICERS AND THEIR DUTIES	4
6.1 <u>Enumeration of Officers</u>	4
6.2 <u>Election of Officers</u>	4
6.3 <u>Term</u>	4
6.4 <u>Special Appointments</u>	5
6.5 <u>Resignation and Removal</u>	5
6.6 <u>Vacancies</u>	5
6.7 <u>Multiple Offices</u>	5
6.8 <u>Duties</u>	5
ARTICLE VII	6
COMMITTEES	6
ARTICLE VIII	6
BOOKS AND RECORDS	6
ARTICLE IX	6
AMENDMENTS	6

I N D E X
(Cont.)

	<u>Page</u>
ARTICLE X	6
INDEMNIFICATION	6
10.1 <u>General</u>	6
10.2 <u>Non-exclusive</u>	7
10.3 <u>Insurance</u>	7
10.4 <u>Interim Payments</u>	8
ARTICLE XI	8
ADOPTION	8

BYLAWS
OF
CRYSTAL VIEW ESTATES HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is Crystal View Estates Homeowners Association (hereafter the "Association"). The principal office of the Association shall be located at 11017 N.E. 37th Court, Bellevue, Washington, but meetings of members and directors may be held at such places as may be designated by the Board of Directors.

ARTICLE II

PURPOSE

The purpose of these Bylaws is to facilitate the administration of Crystal View Estates Homeowners Association which is governed by the Declaration of Covenants, Conditions, Restrictions and Easements for Crystal View Estates, as recorded February 1, 1993, under Chelan County Auditor's No. 9302010136 (the "Protective Covenants"). In the case of any conflict between the Protective Covenants and these Bylaws, the Protective Covenants shall control.

ARTICLE III

DEFINITIONS

These Bylaws are subject to the definitions contained in the Protective Covenants.

ARTICLE IV

MEMBERSHIP

Terms governing membership, voting of members, meetings of members, and rights and duties of members are contained in the Protective Covenants.

ARTICLE V

BOARD OF DIRECTORS

5.1 Powers. The business of the Association shall be managed and its corporate powers shall be exercised by its Board of Directors, except as otherwise provided by statute or by the Articles of Incorporation or the Protective Covenants.

5.2 Number. The Board shall consist of one (1) director until the Transition Date (defined in the Protective Covenants) or until the number is changed by resolution of the directors at any time. After the Transition Date, the Board shall consist of three (3) directors.

5.3 Composition. The Board of Directors shall be composed of members of the Association. Individual members, general partners of partnership members, and officers of corporate members may be elected to and serve on the Board.

5.4 Election. At each annual meeting the members shall elect directors to replace those whose terms have expired. Nomination of a slate of candidates for the Board may be made by any member.

5.5 Term. Members of the Board shall serve for a term of two (2) years; provided that, after the Transition Date, one of the three members of the first full term Board elected shall serve for a one-year term. The other two shall serve for a two-year term. The members of the Board shall serve until their respective successors are elected, or until their death, resignation or removal; provided that if any member ceases to be an owner, his membership on the Board shall thereupon terminate. In the event of a vacancy occasioned by any cause other than removal, the remaining Board members may elect a replacement Board member who shall serve until the next annual meeting or until any special meeting is called to elect a new Board member.

5.6 Removal. Any Board member may be removed from membership on the Board and a successor may be elected for the unexpired term by a vote of the members of the Association at a special meeting called for such purpose; provided that unless the entire Board is removed, an individual director shall not be removed if the number of votes cast against his removal exceeds twenty-five percent (25%) of the total voting power.

5.7 Place of Meetings. Meetings of the Board of Directors of the Association, regular or special, may be held either within or without the State of Washington.

5.8 Annual Meetings. The Board of Directors shall hold an annual meeting each year on the first Saturday in June beginning in 1993 for the purpose of election of officers and for the consideration of any other business that may be properly brought before the meeting. No notice of any kind to either old or new members of the Board of Directors for such regular meeting shall be necessary.

5.9 Special Meetings. Special meetings of the Board of Directors may be called by a majority of the directors, the Chairman of the Board, if any, or the President or Secretary on two (2) days' written notice to each director, either personally or by mail or by telegram. Notice of any special meeting of the Board of Directors need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance by a director at a special meeting shall constitute a waiver of notice of such special meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because such special meeting is not lawfully convened.

5.10 Proceedings. A majority of the members of the Board shall constitute a quorum and, if a quorum is present, the decision of a majority of those present shall be the act of the Board. From its membership the Board shall elect a president who shall preside over the meetings of the Board and the members. The Board shall additionally elect a secretary and a treasurer. Meetings of the Board may be called, held and conducted in accordance with the Protective Covenants and these Bylaws. The Board may also act without a meeting by unanimous written consent of the directors as evidenced by their signature upon any minutes or resolutions of the Board.

5.11 Presence at Meetings. Members of the Board of Directors or an executive committee shall be deemed present in person at a meeting of such Board or committee if a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other is used.

5.12 Powers and Duties of Board of Directors. Except as otherwise provided in the Articles of Incorporation or the Protective Covenants, the Board of Directors shall have the power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws or the Protective Covenants; and

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

5.13 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 Association affairs and to present a statement thereof to the members of the annual meeting of the members, or at any special meeting when such statement is requested in writing by a majority of the members;

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

(c) cause the Common Area to be maintained.

ARTICLE VI

OFFICERS AND THEIR DUTIES

6.1 Enumeration of Officers. The officers of this Association shall be a president, a secretary and a treasurer and such other officers as the Board may from time to time by resolution create. All officers shall at all times be members of the Board of Directors.

6.2 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.

6.3 Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he shall sooner resign, be removed, or otherwise become disqualified to serve.

6.4 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.

6.5 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 and 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.

6.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

6.7 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 6.4.

6.8 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 contracts and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) The vice president, if any, shall act in the place 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; 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 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; 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 VII

COMMITTEES

The Board of Directors shall appoint committees as deemed appropriate in carrying out its purpose.

ARTICLE VIII

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. The Protective Covenants and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association where copies may be purchased at reasonable costs.

ARTICLE IX

AMENDMENTS

These Bylaws may be altered, amended, repealed or added to by the vote of two-thirds (2/3) of the members present at any regular meeting of the members, or at a special meeting of the members called for that purpose, provided a quorum is present at such meeting.

ARTICLE X

INDEMNIFICATION

10.1 General. Each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of that fact that he or she is or was a director or officer of the Association or, being or having been such a director or officer, he or she is or was serving at the

request of the Association as a director, officer, employee or agent of another Association or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent or in any other capacity, shall be indemnified and held harmless by the Association to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, and all amounts to be paid in settlement) actually or reasonably incurred or suffered by such person in connection therewith. Such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. No indemnification shall be provided under this Article to any such person if the Association is prohibited by the non-exclusive provisions of the Washington Non-Profit Corporation Act or any other applicable law as then in effect from paying such indemnification. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made to or on behalf of a director or officer only upon delivery to the Association of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article or otherwise, which undertaking may be unsecured and may be accepted without reference to financial ability to make repayment.

10.2 Non-exclusive. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Protective Covenants, Bylaws, agreement, vote or disinterested directors or otherwise.

10.3 Insurance. The Association may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the Washington Non-Profit Corporation Act. The Association may enter into contracts with any director or officer of the Association in furtherance of the provisions of this

Article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

10.4 Interim Payments. The Association may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Association with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Association or pursuant to rights granted pursuant to, or provided by, the Washington Non-Profit Corporation Act or otherwise.

ARTICLE XI

ADOPTION

These Bylaws are adopted this 5th day of February, 1993, by the Developer pursuant to the Protective Covenants.

CRYSTAL VIEW ESTATES HOMEOWNERS ASSOCIATION

By 
William H. Ziehl, Jr., Developer

AMENDMENT TO BYLAWS
OF
CRYSTAL VIEW ESTATES HOMEOWNERS ASSOCIATION

I. PARTIES

1.1 Developer. Crystal View Estates, a Washington joint venture.

II. PRIOR DOCUMENTS

2.1 Bylaws. The Bylaws of Crystal View Estates Homeowners Association dated February 5, 1993.

III. AMENDMENT

3.1 The Developer, pursuant to the authority granted to the Developer in the Declaration of Covenants, Conditions, Restrictions and Easements, hereby amends the Bylaws as follows:

ARTICLE IV

MEMBERSHIP

4.1 Some of the terms governing membership, voting of members, meetings of members, and rights and duties of members are contained in the Protective Covenants.

4.2 Annual Meetings. The Association shall hold a meeting of the members annually on the 1st Saturday of June and at a place set by the Board. The order of business at the annual meeting of members shall be as follows:

(a) Calling the meeting to order;

- (b) Proof of notice of meeting, or filing of waivers of notice;
- (c) Reading of Minutes of the last annual meeting;
- (d) Reports from officers;
- (e) Reports from committees;
- (f) Election of Directors; and
- (g) Other business.

4.3 Special Meetings. The Association shall hold a special meeting of the members;

(a) On call of the Board, or the President; or

(b) If the holders of at least ten percent (10%) of all votes entitled to be cast on any issue proposed to be considered at the meeting sign, date and deliver to the Secretary one or more written demands for a special meeting which describe the purpose of the meeting.

Only issues identified in the notice of a special meeting may be conducted at that meeting. The Secretary shall issue notice of any special meeting as provided in Paragraph 4.6(b).

4.4 Adjourned Meetings. The chairman of the meeting may adjourn a members' meeting at any time a quorum, as that term is defined in Section 4.8, is not present. With the consent of the holders of a majority of the members represented in person or by proxy, and entitled to vote at a members' meeting, the chairman of the meeting may adjourn the meeting for any reason to a time and place determined by the chairman of the meeting. The chairman of the meeting may adjourn a meeting at which directors are to be elected only from day to day until the directors are elected. The

members may conduct any business at an adjourned meeting which they might have conducted at the original meeting.

4.4 Meeting Place. Members' meetings may be held at any place designated by the Board and identified in the notice of the meeting.

4.5 Chairman of the Meeting. The President shall serve as chairman of the members' meetings. In the absence of the President, the Vice President or any other person appointed by the Board shall serve as chairman of a members' meeting.

4.6 Notice of Members' Meetings.

(a) Annual Meetings. The Association shall notify the members of each annual members' meeting. The Association shall deliver notice, at least ten (10), but not more than sixty (60), days before the meeting date. Notice of an annual meeting need not include a description of the purposes of the meeting, except as provided under Paragraph (c) below. The Association must deliver notice to all members entitled to vote at the annual meeting, and must notify certain other members of an annual meeting as provided in Paragraph (c) below.

(b) Soecial Meetings. The Association shall notify the members entitled to vote on the actions to be considered at any special meeting called pursuant to Section 4.2. The Association need not notify all members unless required to do so as provided in Paragraph (c) below. The notice must include a description of the purposes for which the meeting was called, and be accompanied by other materials described in Paragraph (c) below. The corporation must deliver the notice at least ten (10), but not more than sixty (60), days before the meeting date. If the corporation fails to issue the notice within ten (10) days after members holding ten percent (10%) or more of the outstanding shares entitled to vote on particular issue have delivered to the Secretary written demand for a special meeting to consider that issue in accordance with Paragraph 4.2(b), the members requesting the meeting may issue the notice on behalf and at the expense of the Association.

(c) Meetings Concerning Extraordinary Acts. If a purpose of a members' meeting is to consider action on an amendment to the Articles, a proposed sale, lease, or other disposition of all or substantially all of the property of the Association other than in the regular course of business, or the dissolution of the Association, the Association shall notify all members, whether or not entitled to vote, at least twenty (20), but not more than sixty (60), days before the date of the meeting. The notice must describe the proposed action with reasonable clarity and must contain or be accompanied by a copy of the proposed Amendment, or the agreement of sale or lease, as applicable.

(d) Adjourned Meetings. In general, the Association need not provide notice to the members of an adjourned meeting if the time, date, and place for reconvening the meeting is announced before the meeting is adjourned. However, if the chairman of a meeting adjourns a meeting for more than one hundred twenty (120) days from the date of the original meeting, the Secretary shall fix a new record date for the adjourned meeting and shall issue a new notice of the adjourned meeting to each member of record entitled to notice of or to vote at the adjourned meeting.

4.7 Waiver of Notice.

(a) Written Waiver. A member may waive any notice before or after the date and time of the meeting that is the subject of the notice. Except as provided by Paragraphs (b) and (c), the waiver must be in writing, signed by the member entitled to the notice, and delivered to the Association for inclusion in the minutes or filing with the corporate records.

(b) Waiver by Attendance. A member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.

(c) Waiver of Objection to Particular Matter. A member waives objection to consideration of a particular matter at a meeting that is not within the purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

4.8 Quorum.

(a) Action if Quorum Present. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares is present. In general, a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for that matter.

(b) Share Represented for Entire Meeting. Once a share is represented for any purpose at a meeting other than solely to object to holding the meeting or to transacting business at the meeting, the share is deemed present for purposes of establishing a quorum for the remainder of the meeting and for any adjournment of that meeting.

IV. MISCELLANEOUS

4.1 No Other Amendments. The balance of the Bylaws of Crystal View Estates Homeowners Association shall remain as written and in full force and effect.

DATED this 7th day of February, 1997.

CRYSTAL VIEW ESTATES
A Washington Joint Venture

By 

CRYSTAL PROPERTIES, L.L.C.

A Washington Limited Liability Company

By JOHN ZAPOTOCKY, Vice President of
Pacific Rim Land, Inc., A Washington
Corporation, Manager