

BYLAWS  
OF  
CRYSTAL FIRS  
HOMEOWNERS ASSOCIATION

I. PURPOSES AND POWERS

1.1 This corporation shall be conducted as a non-profit corporation for the purposes set forth in the Articles of Incorporation and for the mutual benefit of the members of the corporation.

1.2 The corporation shall have the power to levy and collect assignments against its members and to enforce the same as herein set forth and to exercise such other powers as may be lawfully established under the Washington Non-Profit Corporation Act, RCW 24.03, and the provisions of RCW 64.38.

II. DEFINITIONS

1.3 "Association" or "Corporation" shall mean and refer to the CRYSTAL FIRS Homeowners Association, its successors and assigns.

2.2 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, provided that where a Lot is being sold by real estate contract, the contract purchaser who resides on the property shall be deemed owner for membership purposes, but excluding those having such interest merely as security for the performance of an obligation.

2.3 "Properties" shall mean and refer to that certain real property referred to herein and more commonly referred to as "CRYSTAL FIRS", and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

2.4 "Common Area" shall mean all real property (including the improvements thereto) owned or otherwise maintained, repaired or administered by the Association for the common use and enjoyment of the Owners, as delineated on the plat of the CRYSTAL FIRS. The improvements shall include, but not be limited to, easements for ingress, egress and utility purposes, streetlights, and entrance signs.

2.5 "Lot" shall mean and refer to any plot of land, with the exception of the Common Area, as delineated on the plat of CRYSTAL FIRS.

2.6 "Developer" shall mean and refer to M.J.F. Holdings, Inc., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Developer for the purpose of development.

2.7 "Covenants, Conditions and Restrictions" (CCR's) shall mean that instrument filed May 25, 2006, under County Auditor's Fee No. 20060525001992, and all subsequent revisions.

### III. MEMBERSHIP

3.1 Definition: Membership in the CRYSTAL FIRS Homeowners Association shall consist exclusively of the individual Lot Owners of CRYSTAL FIRS. Each of said members shall have one membership for each Lot of which he is the Owner, and the interest of each member shall be determined by the number of Lots owned. If any Lot or Lots are held by two or more Owners, the several Owners of each Lot shall be deemed collectively as one member for that Lot.

3.2 Transfer: No membership may be transferred, assigned, or in any manner conveyed, other than in the manner set forth below. Memberships shall be inseparably appurtenant to the Lots owned by the members, and upon transfer of ownership or contract of sale of any such Lot, membership shall be deemed to be transferred to the new fee Owner or contract purchaser. In the event of death of a member, the membership of such member shall be and become the property of the personal representative of such deceased member upon the appointment and qualification as such in a judicial proceeding and included in the liabilities of the deceased member until title shall be transferred or contracted to be transferred. No compensation shall be paid by the corporation upon any transfer of membership and no member whose membership is transferred shall be entitled to share or participate in any of the property or assets of the corporation.

3.3 Withdrawal; Transfer of Title: No member may withdraw except upon transfer of title to the Lot as provided in Paragraph 3.2 above.

3.4 Common Area: The common area, as defined in Paragraph 2.4, shall be owned by the Corporation. All members shall be entitled to the use and enjoyment of all corporation properties and easements, in common with all members of the corporation; except as limited by the Articles of Incorporation, Bylaws, Declaration of Covenants, Conditions and Restrictions and revisions thereto and easements and restrictions of record.

3.5 Delegation of Use: Any Owner may delegate his or her right of enjoyment of the Common Area and facilities to the members of his or her family, his or her tenants, or contract purchasers who reside on the property.

3.6 Suspension of Voting Rights: The voting rights of the members described in Article II of the covenants, Conditions and Restrictions shall be suspended until seventy percent (70%) of the lots in CRYSTAL FIRS. are sold or the fifth anniversary of recording of CCR's, whichever is sooner. For purposes of Article IX, relating to the amendment of the Covenants, Conditions and Restrictions, the voting rights of the Lot Owners, excluding Developer, are also suspended in a similar manner.

#### IV. MEETING OF MEMBERSHIP

4.1 Annual Meetings: The annual meeting of the members for the election of Directors and for the transaction of other business shall be held on a date selected by the current board. If such annual meeting is omitted by oversight or otherwise on the date provided for, a subsequent meeting may be held in place thereof, and any business transacted or elections held at such meeting shall be as valid as if transacted or held at the annual meeting. Such subsequent meeting shall be called in the same manner and as provided for special member meetings. All meetings, annual or special, shall be held in such place as is designated by the Board of Directors, or if not so designated, then at the registered office.

4.2 Special Meetings: Special meetings of the members may be called at any time by the President, a majority of the Board of Directors, or by the written petition of any member or members holding an aggregate of one-tenth (1/10) of the voting power of all members, submitted to the Secretary. The petition shall state the time, date, and purpose of the special meeting, which shall be not less than 30 days from the date the petition is submitted.

4.3 Notice: Written notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than fourteen (14) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by the Secretary. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, first class, addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid. 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 obligation, and any proposal to remove a Director.

4.4 Voting: All Owners including the Developer shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event an existing Lot is further subdivided, each of the Lots shall also be subject to these Bylaws and shall be entitled to one (1) vote for each new Lot Owner. If existing Lots are further subdivided, the overall number of Lots shall increase accordingly.

4.5 Quorum: A quorum is present throughout any meeting of the Association if the Owners to which thirty-four percent (34%) of the votes of the Association are allocated are present in person or by proxy at the beginning of the meeting.

4.6 Open/Closed Meeting: Except as provided in this subsection, all meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents. The Board of Directors 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 of Directors 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 state purpose for the closed session shall be included in the minutes. The Board of Directors 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 of Directors, 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.

4.7 Proxies: All proxies must be in writing, executed by the members themselves or by their duly authorized attorneys, and must be filed with the Secretary at or before the meeting of the members.

4.8 Adjournment: Any regular or special meeting of the members at which there is a quorum present may adjourn, from day to day, or from time to time, without further notice, until its business is complete.

4.9 Presiding Officer: The President, or in his absence a Chairman, elected by the members present, shall call the meetings of the members to order and shall act as the presiding officer thereon.

4.10 Secretary: The Secretary shall act as a secretary at all meetings of the members and in his absence, the presiding officers may appoint any person to act as Secretary.

## V. BOARD OF DIRECTORS

5.1 Powers: The management of all the affairs, property and interests of the Corporation shall be vested in a Board of Directors. Except for the initial Directors which have been chosen by Developer, the Board of Directors shall be elected by a majority vote of the members of the Association for a term of one (1) year and shall hold office until their successors are elected and qualified. Directors need not be Owners of any Lot or real property in CRYSTAL FIRS. Developer or its Authorized Agent shall remain as a member of the Board of Directors until 70% of the lots in CRYSTAL FIRS are sold, or the date on which the Developer chooses to permanently relinquish all of the developer's authority, whichever is sooner. In addition to the powers and authority set forth in these Bylaws and the Articles of Incorporation, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things that are not directed or required to be exercised or done by the members of the Corporation by these Bylaws, the Articles of Incorporation, or the Declaration of Covenants, Conditions and Restrictions of CRYSTAL FIRS. Without prejudice to

such general powers, and subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers:

(a) To appoint and remove at pleasure all officers, agents, and employees of the Corporation (including a maintenance supervisor and/or staff who shall maintain and control the property of the Corporation), describe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem proper. Nothing contained in these Bylaws shall be construed to prohibit the employment of any member, officer or Director of the Corporation in any capacity whatsoever.

(b) To fix, establish, levy and collect such fees, dues, charges, and/or assessments as may be necessary in the judgment of the Board of Directors, including reasonable admission and other fees for the use of the recreational area, but assessment may not be in excess of the maximum set forth in the Declaration of Covenants, Conditions and Restrictions.

(c) To adopt and publish rules and regulations governing use of the Corporation policy and facilities and the personal conduct of the members and their guests thereon.

(d) To suspend the voting rights and right to use the recreational area or common areas by an Owner for any period during which any assessment against the Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Association's rules and regulations.

(e) To 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 meetings of the Board of Directors.

(f) Borrow money on behalf of the Corporation, including the power and authority to borrow money from any of the members, Directors, or Officers of the Corporation, and to authorize the execution of promissory notes or other evidences of indebtedness of the Corporation, and to agree to pay interest thereon, and otherwise to incur indebtedness on behalf of the Corporation.

(g) To sell, convey, alienate, transfer, assign, exchange, lease or otherwise dispose of, mortgage, pledge, hypothecate and otherwise encumber the personal and real property, to purchase, lease and otherwise acquire personal and real property on behalf of the Corporation and subject to the voting rights of the members as described in Article III of the Covenants, Conditions and Restrictions.

5.2 Prohibitions: The Board of Directors shall not act on behalf of the Association to amend the Articles of Incorporation, to take any action that requires the vote or approval of the Owners, to terminate the Association, to elect members to the Board of Directors, or to determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors; but the Board

of Directors may fill vacancies in its membership of the unexpired portion of any term.

5.3 Number: The Board of Directors shall consist of three (3) Directors. The number of Directors may be increased or decreased at any time by the members or Directors at any annual or special meeting provided that no decrease shall have the effect of shortening the term of any incumbent Director except as provided in Subparagraph 5.3 hereunder.

5.4 Vacancies: All vacancies in the Board of Directors, whether caused by resignation, death or otherwise, may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A director elected to fill any vacancy shall hold office for the unexpired term of that person's predecessor or until a successor is elected and qualified. A Directorship to be filled by reason of an increase in the number of Directors may be filled by the Board of Directors for the term of office continuing only until the next election. For purposes of this paragraph, a Director's absence from three (3) consecutive meetings of the Board of Directors may be considered a "vacancy" by the remaining members of the Board of Directors.

5.5 Regular Meetings: Regular meetings of the Board of Directors may be held without notice at such time and at such place as the Board may by vote from time to time designate.

5.6 Special Meetings: Special meetings of the Board of Directors may be called at any time and on the order of the President or on the order of two (2) Directors. If said meeting is called by any two (2) members of the Board, a written request therefore shall be delivered to the Secretary of the Corporation who shall immediately give notice to the Board of Directors of the date, time and place of the meeting, which notice shall fix the date thereof at not less than two (2) days nor more than twenty (20) days after the filing of such request.

Notices of special meetings of the Board of Directors stating the date, time and place, as well as the general purpose for which the special meeting is called, shall be mailed, or personally delivered to each Director, and the special meeting shall not be held sooner than two (2) days after the delivery of said notice or sooner than five (5) days after the mailing of said notice. An entry of the service of notice, given in the manner provided above, shall be made in the minutes of the proceedings of the Board of Directors, and such entry, if read and approved at the subsequent meeting of the Board of Directors, shall be conclusive on the question of service. Attendance of a Director at a special meeting shall constitute a waiver of the 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. A Director may waive any notice required for any meeting by executing a written waiver of notice either before or after said meeting, such waiver shall be equivalent to the giving of such notice.

5.7 Quorum: A majority of the number of Directors shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A majority of those present at the time and place of any meeting or special

meeting, although less than a quorum may adjourn from day to day, or from time to time, without further notice until a quorum shall attend. When a quorum shall attend, any business may be transacted which might have been transacted at the meeting had the same been held on the day on which the same was originally appointed or called.

5.8 Budget: Within thirty (30) days after adoption by the Board of Directors 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 (14) nor more than sixty (60) days after mailing of the summary. Unless at that meeting the Owners of a majority of the votes in the Association reject the budget, in person or by proxy, the budget is 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 continue until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

5.9 Registering Dissent: A Director who is present at the meeting of the Board of Directors at which action on a corporate matter is taken shall be presumed to have assented to such action unless that Director's dissent shall be entered in the minutes of the meeting or unless that Director either files a written dissent to such an action with the person acting as the Secretary of the meeting before the adjournment thereof, or forwards such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

5.10 Action by Directors Without a Meeting: Any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing setting forth the action so taken or to be taken shall be signed by all of the Directors. Such consent shall have the same effect as a unanimous vote.

5.11 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 members of the Board of Directors with or without cause.

## VI. OFFICERS

6.1 Designation: The Officers of the Corporation shall consist of a President, one or more Vice Presidents as the Board of Directors shall determine from time to time, a Secretary and a Treasurer. These officers shall be elected for one (1) year by the Directors at their first meeting after the annual meeting of the membership and shall hold office until their successors are elected and qualified. Any two (2) or more offices may be held by the same person except the offices of President and Secretary. None of said officers, except the President, need be a Director, but the Vice President who is not a director cannot succeed to or fill the office of the President

6.2 President: 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

co-sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

6.3 Vice President(s): During the absence or disability of the President, the Vice President or Vice Presidents, if any, shall exercise all the functions of the President in the order designated by the Board of Directors, except that a Vice President who is not a director cannot succeed to or fill the office of the President. Each Vice President shall have such powers and discharge such duties as may be assigned to that Vice President from time to time by the Board of Directors.

6.4 Secretary: The Secretary shall keep the minutes of all proceedings of the membership and of the Board of Directors in books of the membership and of the Corporation provided for that purpose. The Secretary shall issue notices for all meetings, and shall execute, with the President, in the name of the Corporation, all deeds, bonds, contracts and other obligations and instruments authorized by the Board of Directors to be executed. The Secretary shall also have charge of the seal of the Corporate books, and shall make such reports and perform such other duties as are incident to the office or as are properly required by the Board of Directors.

6.5 Treasurer: The Treasurer shall keep, or cause to be kept, full and accurate accounts of receipt and disbursements in books to be kept for that purpose. He shall receive and deposit or cause to be received and deposited, all moneys and other valuables of the Corporation, in the name and to the credit of the Corporation, in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements, and shall co-sign with the President, all checks and promissory notes. The Treasurer shall also render to the President and to the Board of Directors, whenever they may require, accounts of all transactions as Treasurer and of the financial condition of the Corporation. In general, the Treasurer shall perform all of the duties incident to the office of Treasurer, subject to the control of the Board of Directors.

6.6 Delegation: In the case of absence or inability to act of any officer of the Corporation and of any person herein authorized to act in that officer's place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other Officer or any Director or any person whom it may select.

6.7 Vacancies: Vacancies in any office arising from any cause may be filled by the Board of Directors at any regular or special meeting of the Board.

6.8 Term-Removal: The Officers of the Corporation shall hold office until their successors are chosen and qualified. Any Officer or agent elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the whole Board of Directors.

## VII. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Each Officer and member of the Board of Directors shall be indemnified by the members of the Association against all expenses and liabilities including attorney's fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been an Officer or member of the Board at the time such expenses are incurred, except in such cases where an Officer or a member of the Board is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided, however, that in the event of a settlement, the indemnification shall apply only when the Board approved such settlement and reimbursement as being for the best interests of the Corporation.

#### VIII. TRANSACTIONS

No transaction entered into by the Corporation shall be affected by the fact that any members, Directors, or Officers of the Corporation are personally interested in it; and every member, Director or Officer of the Corporation is hereby relieved from any disability that might otherwise prevent his contracting with the Corporation in which he may be in any way interested (provided such member, Officer, or Director has fully declared any such interest) and that fact that the member, Director and/or Officer of the Corporation is in whole or in part the same as those of any other Corporation shall not in any way affect the validity or enforceability of any agreement or transaction between the two corporations.

#### IX. ASSESSMENTS

9.1 Members' Obligation of Assessment: The members of the Corporation shall be liable for the payment of such charges or assessments as may be fixed by the Association. All charges or assessments shall be levied at a uniform rate per Lot without distinction or preference of any kind. All charges and assessments, when collected by the Association, shall become the property of the Corporation be expended only upon the approval of the Board of Directors, and the signatures of the President and not less than one (1) other officer of the Corporation shall be required on all checks or other orders for the payment of money.

9.2 Payment Date; Remedies of the Association: From time to time, as and when any such assessment or charges are levied, each member with respect to the Lot to which his or her membership is appurtenant, shall pay the amount of such assessment to the Corporation at its office, within thirty (30) days after the mailing of the notice of such assessment to the members. Any assessment not paid within thirty (30) days after this due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose a lien against the property in the manner provided for mechanic's liens, except that the Association shall not be limited by the notice and time provision of RCW 60.04 et. seq. In the event that legal counsel is sought by the Corporation in connection with the collection of any charges or assessments, the defaulting member shall pay all attorneys' fees incurred by the Corporation.

## X. FINANCIAL AND OTHER RECORDS

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 of Directors. 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.

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.

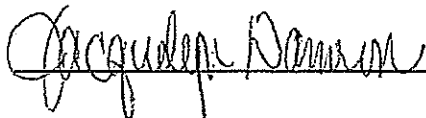
At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association. If the Association has annual assessments of fifty thousand dollars or more, the financial statement shall be audited at least annually by an independent certified public accountant, but the audit may be waived if sixty-seven percent (67%) 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.

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.

## XI. AMENDMENTS

Until 70% of the Lots in CRYSTAL FIRS are sold or the date on which the Developer chooses to permanently relinquish all of the developers authority, whichever is sooner, Developer may alter or amend these Bylaws at Developer's option. After this date, the Bylaws, or any part thereof, may be altered or amended by the Board of Directors upon approval in writing by a majority vote of the Directors.

We hereby certify that the foregoing are the Bylaws of CRYSTAL FIRS Homeowners Association, adopted by the Board of Directors on the 6th day of March, 2009.



Secretary