

**BYLAWS
OF
EAGLEMONT COMMUNITY
HOMEOWNERS ASSOCIATION**

These Bylaws provide for operation of Eaglemont Community Homeowners Association, a Washington nonprofit corporation (the "Association"). The Association is being formed to manage and operate the Eaglemont Community located in Skagit County, Washington and to exercise all powers and perform all duties and obligations of the Owner's Association as set forth in the Declaration and Covenants, Conditions, Restrictions for Eaglemont, recorded January 25, 1994 with the Skagit County Assessor under Recording No. 9401250030 and 9401250031, as the same may be amended from time to time (the "Declaration"); the Declaration being incorporated herein as if set forth at length. Words and phrases that are defined in the Declaration shall have the same meaning in these Bylaws. These Bylaws apply to the entire community, each Lot or Dwelling Unit therein, and all Common Areas and facilities. Each owner automatically, by virtue of such ownership, becomes a member of the Association. All present and future owners, mortgagees and other encumbrancers, lessees, tenants, licensees, owners, and occupants of Lots or Dwelling Units, and their guests and employees, and any other person who may use the Common Areas are subject to these Bylaws, the Declaration and the rules and regulations pertaining to use and operation of the Common Areas.

Initially, these Bylaws shall be administered and may be amended (subject to such mortgagee approval as may be required) by Declarant, or by a managing agent appointed by Declarant, or by an interim board of directors designated by Declarant. All references herein to the "Board" shall apply with equal force and effect to Declarant, the managing agent, the Board of Directors or the interim Board, whichever has the responsibility for administering the association.

**ARTICLE 1
MEMBERSHIP; REGISTER; VOTING**

Section 1.1 Membership. The membership of the Association shall at all times consist exclusively of all Lot or Dwelling Unit owners in the Eaglemont Community. Corporations, partnership, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be members of the Association. Owners of a Lot or Dwelling Unit as joint tenants, tenants in common, marital communities, or other ownership involving more than one owner, shall be joint members of the Association, but the sum total of their vote shall not exceed the percentage of interest for voting power appurtenant to the Lot or Dwelling Unit owned.

Section 1.2 Voting. The total voting power of all members shall be _____ votes, and the total number of votes available to the owner or owners of any one Lot or Dwelling Unit shall be one (1). A member who owns more than one Lot or Dwelling Unit shall have the votes appertaining to each Lot or Dwelling Unit owned.

Section 1.3 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

Section 1.4 Register of Members. The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Persons who purchase an interest in a Lot or Dwelling Unit shall promptly inform the Board of their interest. Persons who claim to be members of the Association shall, upon request, furnish the Board with copies of any documents under which they assert ownership of a Lot or Dwelling Unit or any interest therein, and any mortgages thereon.

ARTICLE 2

MEETINGS OF MEMBERS

Section 2.1 Place. Meetings of the members of the Association shall be held at such suitable place as may be convenient to the membership and designated from time to time by the Board.

Section 2.2 Annual Meeting. The annual meeting of the Association shall be held in the first quarter of each fiscal year, on a date fixed by the Board. At such annual meeting there shall be a financial report, the homeowners shall elect members to the Board or fill vacancies therein, and such other business as shall properly come before the meeting may be transacted.

Section 2.3 Special Meetings. It shall be the duty of the president to call a special meeting of the Association as directed by resolution of the Board or upon the written request of a majority of the Board or upon the written request of homeowners having one-third of the total voting power of the Association. A meeting called at the request of the members shall be held at such time as the president may fix, which time shall not be less than ten (10) nor more than thirty (30) days after the receipt of the written request therefor. No business shall be transacted at a special meeting except as stated in the notice given unless consented to by eighty percent (80%) or more of the homeowners present either in person or by proxy.

Section 2.4 Notice of Meetings. It shall be the duty of the secretary to give notice of each annual and special meeting, stating the purpose thereof and the time and place where it is to be held, to each member of the Association and to each Institutional Holder and Eligible Mortgagee that has requested notice, all as provided in the Declaration. Notice shall be given at least ten (10) and not more than thirty (30) days before each meeting. The notice shall specify the time and place of the meeting and, in the case of a special meeting, shall specify the purpose(s) for which the meeting is to be held. Notice of any meeting may be delivered either personally or by mail. If delivery is by mail, the notice shall be deemed to have been delivered forty-eight (48) hours after the notice has been deposited in the United States mail, postage prepaid for first class mail, addressed to the person entitled to the notice at the most recent address given in writing by such person to the Association. Notice to a Lot or Dwelling Unit owner or owners shall be

sufficient if delivered or addressed to the Lot or Dwelling Unit if no other mailing address has been given to the Association.

Section 2.5 Quorum. The presence in person or by proxy of the members of the Association or voting representatives holding fifty percent (50%) of the total voting power shall constitute a quorum for the transaction of business at any meeting of members of the Association.

Section 2.6 Proxies. Any owner or voting representative may vote by proxy. Proxies shall be in writing, signed by the owner, or voting representative, and filed with the Board. Proxies may be revoked at any time by written notice to the Board. Any designation of proxy must be signed by all owners of a Lot or Dwelling Unit; but where husband and wife are owners, the proxy need be signed by only one spouse unless the other spouse notifies the Board not to accept the proxy.

Section 2.7 Adjournment of Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners present, in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 2.8 Majority Vote. Except as otherwise provided by statute, by the Declaration, or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is in attendance, shall require the affirmative vote of at least fifty-one percent (51%) of the voting power present.

Section 2.9 Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with on motion:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election or appointment of vote tellers;
- (g) Election of directors (annual meeting or when required);
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

Section 2.10 Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

ARTICLE 3

BOARD OF DIRECTORS

Section 3.1 Number and Qualifications. Initially, the affairs of the Association shall be governed by a temporary Board of Directors. Thereafter, the affairs of the Association shall be governed by a Board consisting of three (3) directors, who shall be elected by ballot. The members of the Association at any meeting may change the number of directors provided, that no decrease in the Board shall shorten the term of an incumbent director. If a corporation is a member of the Association, any one of its officers, directors, or shareholders may be elected to the Board; if a partnership is a member, any partner of such partnership may be elected to the Board.

Section 3.2 Powers and Duties. The Board shall have all powers, duties, and authority for administering the Common Areas provided in the Act and in the Declaration, and all other power necessary for the administration of the affairs of the Association, and may do all such acts and things as are not prohibited by statute or by the Declaration. No contract made by the Board or any officer for the Association shall have a fixed term longer than one (1) year.

Section 3.3 Managing Agent. Management of the Common Areas shall initially be carried out by Declarant or a managing agent appointed by the Declarant or by an interim Board selected by Declaration as provided in the Declaration. The interim Board, if one is selected, and the permanent Board after the transition date, may employ an experienced professional managing agent to assist the Board in the management and operation of the community.

Section 3.4 Election and Term of Office. The term of office for directors will begin on the first day of the calendar month following the date of adjournment of the annual meeting at which they are elected. The normal term of office for directors will be for two (2) years or until their successors are elected and take office. To provide for staggered terms, however, three (3) directors shall be elected at each annual meeting during even-numbered years, and two (2) directors shall be elected at each annual meeting during odd-numbered years.

Section 3.5 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 until the next annual meeting, or at a special meeting of the Association called for such purpose, at which time the membership shall elect a person to serve for the unexpired term.

Section 3.6 Compensation. No director shall receive compensation for acting as a director. However, upon prior approval of the Board, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties, which he or she has been authorized by the Board to undertake.

Section 3.7 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be fixed from time to time by resolution of the Board, but at least two (2) such meetings shall be held during each calendar year. Notice of regular meetings of the Board shall be

given to each director, personally, by mail, or telephone, at least three (3) business days prior to the day set for such meeting.

Section 3.8 Special Meetings. Special Meetings of the Board may be called by the president or any two (2) directors on twenty-four (24) hours' notice given personally, by mail or telephone, to each director, which notice shall state the time, place and purpose of the meeting.

Section 3.9 Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting unless the director expressly challenges the notice when the meeting begins. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

Section 3.10 Quorum of Board of Directors. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting at another time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.11 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 as specified in RCW 24.03.465. Any action so approved shall have the same effect as though at a meeting of the directors.

Section 3.12 Open Meeting. Any owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate. The Board may, however, go into private, executive session to consider the employment or dismissal of the managing agent or other persons employed by the Association, or to hear complaints or charges brought against such person, unless the person requests a public hearing, or to discuss with legal counsel litigation in which the Association is or is likely to become a party if public discussion would adversely affect the interest of the Association in such litigation.

ARTICLE 4 **OFFICERS**

Section 4.1 Designation. The principal officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by and from the Board. The directors may appoint from the Board such other officers as in their judgment may be necessary or desirable. Two or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. They shall hold office at the pleasure of the Board.

Section 4.3 Removal of Officers. Any officer may be removed, either with or without cause, by a majority of the Board. A successor to the removed officer may be elected at any such meeting.

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Association and of the Board and shall have all powers and duties usually vested in the office of the president.

Section 4.5 Vice President. The vice president shall assist the president and shall take the place of the president and perform the duties of the president whenever the president shall be absent or unable to act. The vice president shall also perform such other duties as are normally incident to the office of vice president and as may be prescribed by the Board.

Section 4.6 Secretary. The secretary shall keep the minutes and record resolutions at all meetings of the Association and the Board. The secretary shall give notices of Association meetings and Board meetings; notices relating to insurance; notices to mortgagees; and notices to each Lot or Dwelling Unit owner of the Rules and Regulations or amendments thereto as soon as practicable after adoption by the Board. The secretary shall have custody of the corporate seal (if any), minute book, membership records and all other books, records and papers of the Association except its books and records of account, checkbook and other financial records. The secretary shall also perform such other duties as are normally incident to the office of secretary and as may be prescribed by the Board.

Section 4.7 Treasurer. The treasurer shall have responsibility for all Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and other financial records of the corporation. The treasurer shall perform such other duties as are normally incident to the office of treasurer and as shall be prescribed by the Board.

Section 4.8 Other Officers and Employees. The Board may appoint other officers of the Association and any persons employed to assist the officers, shall have such authority and perform such duties as the Board may prescribe from time to time.

Section 4.9 Declarant's Power. As provided in the Declaration, Declarant, its managing agent, or the interim Board may exercise the powers granted to the officers until the initial Board is elected.

ARTICLE 5

OBLIGATION OF OWNERS

Section 5.1 Assessments. All owners are obligated to pay assessments imposed by the Association to meet the common expenses of the community as provided in the Declaration. The proportionate share of such assessments attributable to each Lot or Dwelling Unit shall be:

one (1)
(total number of Lots or Dwelling Units)

Section 5.2 Damages to Common Areas. Each owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area or facility damaged through the owner's fault.

ARTICLE 6

RIGHTS OF ACTION

Each owner, the Board and the Association shall comply strictly with the Declaration, these Bylaws (and with the administrative rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time), with the decisions of the Board, and with the covenants, conditions, and restrictions set forth in the deed to a Lot or Dwelling Unit. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board, the managing agent on behalf of the Association, or by an owner.

ARTICLE 7

HANDLING OF FUNDS

Section 7.1 Accounts. The Association shall establish the necessary funds or accounts to provide properly for the operation and maintenance of the Common Areas. The treasurer of the Association shall have overall responsibility for these funds.

Section 7.2 Working Capital Fund. There shall be established a checking account in a commercial bank to be known as the "Working Capital Fund". This fund will be used for the normal operation of the Common Areas and will receive all monthly assessments, first purchasers' initial contributions to the fund, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the Common Areas and maintenance expenses of a routine or minor nature that do not require resort to the Reserve Fund for Insurance Premiums and the Reserve Fund for Common Areas and Facilities. Monies received by the Association will normally be deposited into the Working Capital Fund and checks immediately issued to the other funds so an overall count of the funds received and disbursed by the Association is centralized in the check register of the Working Capital Fund account.

Section 7.3 Reserve Fund for Insurance Premiums. The treasurer shall establish an interest-bearing savings account in a savings bank or savings and loan association, which shall be known as the "Reserve Fund for Insurance Premiums". Each month the treasurer shall deposit into this fund an amount equal to at least one-twelfth (1/12) of the total cost of all premiums for the policy or policies and bonds the Association is required by the Declaration to purchase. Such premiums shall be paid out of this fund.

Section 7.4 Reserve Fund for Common Areas and Facilities. The Association shall maintain an interest-bearing savings account in a savings bank or savings and loan association, or other account authorized by the Board, which account shall be known as the "Reserve Fund for Common Areas and Facilities". The purpose of the reserve account will be to provide for the periodic maintenance, repair, and replacement of the Common Areas and facilities.

ARTICLE 8

AMENDMENT OF PERCENTAGE OF INTEREST IN COMMON AREAS AND FACILITIES

The value of the property and of each Lot or Dwelling Unit and the percentage of undivided interest in the Common Areas and facilities shall be altered only by amending the Declaration in the manner provided therein.

ARTICLE 9

KEEPING RECORDS AND REPORTS

The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the owners, institutional holders, guarantors, or mortgagees, and the agents or attorneys of any of them, during normal business hours and at any other reasonable time or times.

ARTICLE 10

AMENDMENTS

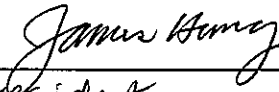
The procedure and necessary consents required for adoption of amendments to the bylaws are set forth in Article 10 of the Declaration. An amendment will become effective upon the execution of a certificate of amendment, executed by two (2) officers of the Association.

The foregoing Bylaws are adopted by Declarant under its authority to act as the Board of the Association and shall be effective upon the filing of the Articles of Incorporation of the Association with the Secretary of State.

DECLARANT:

**SEA-VAN INVESTMENTS ASSOCIATES, a
Washington general partnership**

**By Unison Development Company,
Its managing general partner**

By 
Its President