

**BY-LAWS OF THE
REGATTA ESTATES HOMEOWNERS ASSOCIATION**

INTENT: THE INTENT OF THESE BY-LAWS IS TO ENCOURAGE, HOWEVER POSSIBLE, THE AUTHORITY AND RESPONSIBILITY OF EACH, INDIVIDUAL MEMBER OF REGATTA ESTATES TO IDENTIFY AND SOLVE PROBLEMS AMONG ITS RESIDENTS INSTEAD OF SAID ISSUE(S) BEING REFERRED TO THE BOARD OF DIRECTORS FOR RESOLUTION. THE BOARD OF DIRECTORS, IN SUCH INSTANCES, IS INTENDED TO BE THE RESOURCE OF "FINAL RESORT" AND MUST PROMOTE THE WELFARE OF THE COMMON GOOD IN ALL DETERMINATIONS.

ARTICLE I. OBJECTIVES AND DEFINITIONS

A. Purpose. These Bylaws implement the authority of the CC & R's. The purpose of these Bylaws is to govern the operation of the Regatta Estates Homeowners Association. These Bylaws supersede and replace all previous Bylaws of the Regatta Estates Homeowners Association and all predecessor organizations.

B. Assent. All members are subject to these Bylaws. The ownership acquisition rental or occupancy of any property, within the area generally known as "Regatta Estates" (specifically described in Article II, paragraph 1), shall constitute assent to be bound by, and ratification of these Bylaws.

C. Terms. The terms used in these Bylaws shall have the same meaning as in the Articles of Incorporation of the Regatta Homeowners Association, and the Declaration of Covenants, Conditions, Restrictions, Easements, and Reservations for Regatta Estates, hereinafter referred to as CC&Rs, unless specifically indicated to the contrary.

ARTICLE II. MEMBERSHIP

A. Qualifications

1. Voting Member. Owners of property in the area generally known as "Regatta Estates", and specifically the following properties located in Snohomish county, Washington:

LOTS 2-78 plus
TRACTS 996, 995, 994, 992, 988, 987, 989, 986, 993, 990,997,
as defined within REGATTA ESTATES, IN THE NE 1/4 OF SECTION 32 AND IN
THE W. 1/2 OF SECTION 33, TOWNSHIP 28 NORTH, RANGE 4 EAST, W.M.
SNOHOMISH COUNTY, WASHINGTON ZA 8906267,

ALSO DESCRIBED IN THE LEGAL DESCRIPTION OF REGATTA ESTATES,

shall be voting members of the Regatta Estates Homeowners Association, hereinafter referred to as the Association. Where the property is held in more than (1) name, said Owners shall be entitled to only one (1) voting membership in the association. An Owner of more than one (1) property is entitled to one (1) voting membership per property owned. The annual payment of dues and any assessments, per property owned, shall be a requirement of all voting memberships.

2. Associate Members (non-voting member), Non-property owning residents and other interested parties shall be non-voting members of the Association.

3. Voting and Other Rights. Each voting membership shall have the right at every member's meeting to only one vote which is exercisable in person or by special ballot. No membership may acquire any interest in the Association which will entitle the membership to any greater voice, vote, authority, or interest, legal or otherwise, in or to the Association's assets. Members who are delinquent in payment of annual membership dues, or any assessments shall not be eligible to vote or serve as a Member of the Board until delinquent amounts are paid in full.

4. Special Ballots, when used, shall specifically describe the item on which the general membership will be voting. The Secretary of the Board of Directors will be responsible for preparing a form for this purpose. Special Ballots must be written, signed and postmarked or delivered to the Secretary of the Board no later than the date and time designated by the Board Members (Board) for receiving special ballots. Special ballots received after the deadline will not be accepted. Special Ballots shall be valid for the meeting specified on the special ballot.

5. Absentee Ballots are the reserved right of the Board of Directors, only. Board Members may vote by absentee ballots on specified issues only and as specified by the majority vote of the Board of Directors.

6. Record of Membership. The Treasurer shall keep a complete and current written record of the members of the Association.

ARTICLE III. MEETING OF MEMBERS

A. Annual Meeting. The Annual Meeting of the Association shall be held during the last week of the month of October or at such other time and date to be determined by the Board.

B. Special Meetings. Special Meetings of the members may be called at any time by the Board, or upon written request of a majority of Board Members, or upon written request of at least twenty-five (25%) percent of the total voting membership of the Association.

C. Place of Meeting. All meetings of the Association shall be held in a place designated by the Board, in a notice or call thereof. Membership meetings shall be held in a location that is accessible and within the community, insofar as possible.

D. Quorum. Thirty (30%) percent of the voting membership of the Association voting in person or by special ballot shall constitute a quorum for the transaction of business at an annual meeting of members, or at any other type of meeting called for the specific purpose of voting. In the absence of a quorum, a majority of the voting membership present may adjourn any meeting from time to time for a period of not more than thirty (30) days at any one time until a quorum shall attend. In this case, a quorum will be twenty (20%) percent of the voting membership of the Association voting in person or by special ballot.

E. Notice of Meeting. Except as may otherwise be required by statute, notice of time, place and purpose of each meeting of the members, whether annual or special, shall be given at least twenty (20) days before the day on which the meeting is to be held. Notice shall be given to each member of record entitled to vote at such meeting, The Board will assure the delivery of a written or printed notice, or other such means, to the member personally. The notice may be mailed in a postage- prepaid envelope addressed to the member as it appears in the records of the Association. No public notification of a meeting of members shall be required.

F. Order of Business. The order of business at all meetings of the members shall be as follows, unless dispensed with on motion:

1. Presentation and approval of minutes of the last meeting
2. Treasurer's report
3. Board of Director's Report
4. Unfinished Business
5. New Business
6. Adjournment.

G. Roberts Rules of Order. The rules contained in the most recent edition of Roberts Rules of Order, newly revised, shall govern all meetings of members and directors.

ARTICLE IV. MEMBERS OF THE BOARD

A. Membership. The Board shall consist of five officers who are also directors, for a total of no fewer than 5 members and not more than 7 members. These Board Members shall receive no compensation for their services as such.

B. Qualifications. A Board Member must be a voting member of the Association.

C. Election. Members of the Board shall be elected at the Annual Meeting of the Association. Candidates receiving the greatest number of votes shall be elected to those open Board positions.

D. Term. Subject to Article V, Section B, below, the Board Members shall consist of at least five (5) members initially. Three of these members will be elected for a two- year term. Two of these members will be elected for a one- year term. Thereafter, elections will be held annually, with Board Members serving a two- year term.

E. Organizational Meeting. The Board shall meet immediately following the Annual Meeting and election of the Board, for the purpose of organization, election of officers, and the transaction of other business and, if a quorum of Board Members is present at such meeting, no notice thereof shall be required. If not held as above provided, such Organizational Meeting may be held at any other place or time or place specified in a notice or call to Board Members.

ARTICLE V. OFFICERS AND BOARD MEMBERS

A. Officers. The Board shall elect Officers from among its members. The Officers of this Association shall be a President, a Vice President, a Parliamentarian, a Secretary, and a Treasurer.

B. Removal of Elected Officers. Any elected Officer may be removed at any time, either for or without cause, by vote of two-thirds (2/3) of the Board at any meeting called for that purpose. A removed Officer may continue to serve as a Director unless removed as provided in Article VI, Paragraph F.

C. Vacancies. If any vacancy occurs in any office, the Board may elect or appoint a successor to fill such vacancy for the remainder of the term.

D. President. The President shall be the chief executive officer of the Association and shall exercise general and active management of its operations and affairs. The President shall preside, when present, at all meetings of the members, and of the Board. The President shall be an ex-officio member of all committees except the Nomination Committee.

E. Vice President. The Vice President shall perform all of the duties and functions of the President during periods of absence or inability of the President and shall perform such duties and exercise such other powers as may be assigned from time to time by the President or the Board.

F. Parliamentarian. The Parliamentarian shall advise upon matters of procedure in accordance with Roberts Rules of Order. His or her interpretation shall prevail.

G. Secretary. The Secretary shall give notice of all meetings of members and of the Board and shall keep true records of all proceedings. The Secretary shall keep and account for all documents, papers and records of the Association except those who are hereinafter directed to be in charge of the Treasurer. In the absence of the Secretary, an assistant Secretary or Secretary pro tempore, designated by the President, shall perform the duties. The Secretary shall have possession of the records of the Association and take responsibility for their safekeeping.

H. Treasurer. The Treasurer shall have the care and custody of all moneys, funds and securities of the Association. The Treasurer shall keep record of members and memberships as defined on Article II, paragraph 7. The Treasurer shall have the power to endorse for deposit or collection all checks, drafts, notes, bills of exchange, or other commercial paper payable to the Association. The Treasurer shall give proper receipts or discharges therefore, and shall keep all books of account relating to the business of the Association and shall present a statement of the Association's financial condition at each Annual Meeting or whenever required to do so by the Board. In the absence of the Treasurer, a Board Member, designated by the President, shall perform the duties. The Treasurer is authorized to write checks for payment of the Association expenses. All financial transactions shall require the signatures of two (2) Board Members.

I. The Officers shall consist of five (5) Board Members. The Board may consist of no fewer than five and no more than 7 Members who reside within Regatta Estates.

J. Each Board Member shall be allowed one vote only in any given ballot measure and shall not duplicate his/her vote as a general member or a Board Member.

K. Roberts Rules of Order Shall Govern. The rules contained in the most recent edition of Roberts Rules of Order, Newly Revised, shall govern all meetings of Members and Directors.

ARTICLE VI. POWERS AND DUTIES OF THE BOARD

A. Powers. The Board shall have the power to do the following:

1. 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 the Articles of Incorporation, the Bylaws, or the CC&Rs.

2. Take any and all actions necessary to comply with and enforce the provisions and requirements of the Articles of Incorporation, these Bylaws, and the CC&Rs.

3. Establish rules and regulations governing the members, and to establish penalties for infractions, including monetary penalties.

4. The Board may, from time to time, appoint committees for any purpose and may delegate to any such committee or to any Board Member, such powers as the Board may deem appropriate with power to sub-delegate such powers if the Board deems desirable

5. The Board may require any Director or Officer of the Association to have a surety bond for the faithful performance of duties in such form and in such sum and by such surety company as the Board may determine. All such bonds shall be for the benefit of, and payable to, the Association. The Association, therefore, shall pay the premiums.

B. Duties. It shall be the duty of the Board to do all of the following:

1. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members of the Association at the Annual Meeting of the members.

2. Fix, levy and collect dues, monetary penalties, and assessments as provided in the Bylaws and the CC&Rs. Dues will be fixed as follows: All Regatta Estates homeowners in the 1997 Calendar year will be responsible for association dues. Based on an annually prepared budget, and as presented to the General Membership, the Board of Directors may establish increases of the annual association dues. The Board may assess emergency fees as needed.

3. Establish voting procedures for the Association.

4. Cause the Common Properties, entry-signs, and rights of way to be maintained and paid for as appropriate. Common Properties are those properties owned by the Association or by the members in common.

5. Obtain insurance, as it may deem appropriate.

6. Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name.

7. Perform any and all duties necessary to comply with the provisions and requirements of the Articles of Incorporation, these Bylaws and the CC&Rs.

8. No Waiver of Strict Performance. The failure of the Board in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of the Bylaws or rules and regulations, or to exercise any right or option contained in these documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction. The same terms covenant, condition, or restriction shall remain in full force and effect. The receipt by the Board of any assessment from an owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed for by the Board.

C. Nomination Committee. Not later than sixty (60) days before the Annual Meeting of the members (Annual Meeting), the Board shall appoint a Nominating Committee of three (3) or more voting members. The Nomination Committee, upon its appointment, shall nominate for election to the Board at least the number of persons necessary to fill the positions on the Board which the committee anticipates will be open to be filled at the next succeeding Annual Meeting of members. The report of the Nomination Committee shall be made to the Board not less than thirty (30) days prior to such Annual Meeting. Additional nominations may be made from the floor at the Annual Meeting by any voting member of the Association.

D. Meetings. Meetings of the Board shall be held quarterly, or more frequently as needed, and in a convenient location as established by the Board of Directors and located within the Regatta Estates community area.

E. Quorum and Manner of Acting. A majority of the Board Members in office at the time or five (5) Board Members, whatever number is smaller, shall constitute a quorum for the transaction of business; and, except as otherwise required by statute or by the Articles of Incorporation or any amendment thereto, or by these Bylaws, the act of a majority of the Board Members present at any such meeting at which a quorum is present shall be proper binding act of said Board. No notice of adjourned meeting need be given.

F. Removal of Board Members. At a meeting of Members called expressly for that purpose (and any other designated purposes), the entire Board of Directors, or any member thereof, may be removed, with or without cause, by a majority vote of the Members. Also, any Board Member may be removed from office at any time, either for or without cause, by the affirmative vote of two-thirds (2/3) of the Board Members in office. Voting shall occur at a special meeting of the Board, provided that the notice of such meeting shall specify the contemplated removal as a purpose of such meeting. Ten (10) days notice of such meeting shall be given to voting members.

G. Resignations. Any Board Member of the Association may resign at any time either by oral tender of resignation at any meeting of the Board or by giving written notice thereof to the Board. Such resignation shall take effect at the time specified therefor; and, unless otherwise specified with respect thereto, the acceptance of such resignation shall not be necessary to make it effective. Absence from three (3) consecutive meetings of the Board, without prior approval of the Board may, at the discretion of the Board, be construed as a resignation by the member so absent.

H. Filling the Vacancies. Any vacancy or vacancies created by death, resignation, removal, or by increase in the number of Board Members, or by virtue of unfilled vacancies on the Board, may be filled by a two-thirds (2/3) vote of the Board. Each person so elected shall be a Board Member until a successor is elected by the members who may make such election at the next Annual Meeting of the members or at any special meeting duly called for that purpose.

ARTICLE VII. INDEMNIFICATION OF DIRECTORS AND OFFICERS

A. Each Director and Officer now or hereafter serving this Association or who has served this Association and the respective spouses, heirs, executors and administrators of each of them, shall be indemnified by this Association to the fullest extent permitted now or thereafter under the laws of the State of Washington against all costs, expenses, penalties, fines settlements, judgements and liabilities, including attorney's fees and including expenses incurred in securing indemnity from this Association, reasonably incurred by or imposed upon him/her in connection with or resulting from any proceeding in which he/she is or may be a party by reason of his/her being or having been such Director or Officer or by reason of any action alleged to have been taken or omitted by him/her as such Director or Officer. Reasonable expenses incurred by a Director or Officer who is a party to a proceeding shall be advanced by this Association in advance of the final disposition of the proceeding. However, this Association shall indemnify any such indemnity in connection with the proceeding (or part thereof) initiated by such indemnity only if such proceeding (or part thereof) was authorized or ratified by the Board of the Association and only to the extent authorized.

B. The Association shall obtain insurance on behalf of any person who is or was a member of the Board of Directors or is or was serving at the request of the Board of Directors for the benefit of this Association. Said insurance shall be against any liability arising out of that person's status as such, whether or not this Association would have the power to indemnify that person against such liability.

ARTICLE VIII. MISCELLANEOUS.

A. Annual Audit. The financial transactions of the Association may be audited once each year by a qualified individual contracted with by the Board. The auditor shall not be a member of either the Board of Directors or the General Membership. The report of such audit shall be presented in writing to the Board and shall be available for examination by members.

B. Fiscal Year. The fiscal year of the Association, upon which its accounts and records are kept, shall be the year from January 1 to and including December 31 of each year.

C. Emergency Fees. The Board may assess emergency fees as needed. Consistent with the CC&R's, section 4.1. The Board shall be responsible for managing, repairing, operating and replacing the

common facilities owned in common by the owners of the lots in the Plat of Regatta Estates.

D. Common Properties. Every member shall have a right and easement of enjoyment in and to the Common Properties. The Association shall have the right to transfer all or any part of the Common Properties to any governmental unit or public agency or authority or public utility. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the members entitled to vote has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every member no less than thirty (30) days nor more than sixty (60) days in advance. The Common Property cannot be encumbered or sold by any one member of the Association.

E. Additional Structures Outside Any Building. All structures will comply to the CC&R's and the architectural standards set by the Architectural Control Committees representing each sub division. .

ARTICLE IX. RESPONSIBILITY AND AUTHORITY OF SUBDIVISIONS AS ENTITIES

Each Subdivision of Regatta Estates as defined under the CC&R's and these Bylaws, may establish representatives . These representatives may be delegated the responsibility and authority to establish committees and engage in activities for the common good of that subdivisions insofar as that activity remains in compliance with the common good of the Regatta Estates Homeowners Association.

Specifically, each sub division is the initial party responsible for resolution of any disagreement among neighbors that may develop within that subdivision. The representatives of that subdivision may, to resolve neighborhood differences, engage a person qualified to assist with dispute resolution(s). The Board of Directors is available, as an appeal of last resort, to assist with the process of dispute resolution(s). The costs for contracting such professional services will be equally born by the parties who are disputing.

Only the Board of Directors will have the authority to levy fines and establish liens when parties have not properly engaged in a constructive effort to resolve a disagreement and/or when any specific Member has not adapted to or is not in compliance with the Bylaws and the CC&Rs which have been established for the common good.

ARTICLE X. AMENDMENTS

These Bylaws may be amended in any particular way and the amended Bylaws, consistent with the Articles of Incorporation, CC&Rs, or any provision of law, may be adopted by affirmation vote of a majority of voting quorum of memberships.

Dated 11/2/98