

BYLAWS
OF
APPLE TREE HOMEOWNERS ASSOCIATION

a Washington Nonprofit Corporation

The following are Bylaws of Apple Tree Homeowners Association, a Corporation organized under the Washington Nonprofit Corporation Act (RCW 24.03, the "Nonprofit Corporation Act"). These Bylaws provide for operation of Apple Tree Divisions¹ through 7 located in Snohomish, Washington, created pursuant to the Washington Horizontal Property Regimes Act (RCW 64.32). The Bylaws apply to the entire Apple Tree Development and all Owners and Contract Purchasers of Lots in the Development. Each Owner automatically, by virtue of such ownership, becomes a Member of the Association. All present and future Owners, Mortgagees and other encumbrances, lessees, tenants, licensees, and occupants of Lots, and their guests and employees, and any other person who may use the facilities of the Development are subject to these Bylaws, the Restated Declaration of Covenants, Conditions and Restrictions of Apple Tree – Divisions 1 to 7 (Recorded under Snohomish County Recording No. 201008120305) as may from time to time be amended (the "Declaration") and any Rules and Regulations or Policies adopted by the Board of Directors.

SECTION 1.
REGISTERED OFFICE AND REGISTERED AGENT

The registered office of the Corporation shall be located in the State of Washington at such place as may be fixed from time to time by the Board of Directors upon filing of such notices as may be required by law. The registered agent shall have a business office identical with such registered office. Any change in the registered agent or registered office shall be effective on the effective date specified, or if none, upon filing such change with the office of the Secretary of State of the State of Washington.

SECTION 2.
MEMBERS

2.1 **Members.** The members of the Corporation shall be all owners or contract purchasers of lots within Development of Apple Tree, Divisions 1 through 7, inclusive, as described in the Declaration. Owners of adjacent properties may also become members upon request of such owners and upon approval by the Corporation.

2.2 **Assessments.** Assessments shall be charged to members by the Corporation in accordance with the Declaration of Covenants, Conditions and Restrictions of Apple Tree, recorded under Snohomish County Auditor's File Nos. 200010250466, 200210310292 and 201008120305 (hereinafter referred to as the "Declaration").

2.3 **Annual Meetings.** The annual meeting of the Members of this Corporation, for the purpose of election of Directors and for such other business as may come before it, shall be

held at the time and place specified in the meeting notice, typically in the month of June. A meeting of the association must be held at least once each year. Special meetings of the association may be called by the president, a majority of the Board of Directors, or by owners having ten percent of the votes in the association. Not less than fourteen nor more than sixty days in advance of any meeting, the secretary or other officers specified in the bylaws shall cause notice to be hand-delivered or sent prepaid by first-class United States mail to the mailing address of each owner or to any other mailing address designated in writing by the owner. The notice of any meeting shall state the time and place of the meeting and the business to be placed on the agenda by the Board of Directors for a vote by the owners, including the general nature of any proposed amendment to the articles of incorporation, bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

2.4 Special Meetings. Special meetings of the Members of this Corporation may be called at any time by the President, the Board of Directors or ten percent (10%) of the voting membership of the Corporation. No business shall be transacted at any special meeting of Members except as is specified in the notice calling for the meeting. Subject to the provisions of Section 2.10, the Board of Directors may designate any place as the place of any special meeting called by the President or the Board of Directors, and special meetings called at the request of Members shall be held at such place as may be determined by the Board of Directors and placed in the notice of such meetings.

2.5 Notice of Meetings. Written notice of annual or special meetings of Members stating the place, day and hour of the meeting, and, in the case of a special meeting, the general purpose or purposes for which the meeting is called, shall be given by the Secretary or persons authorized to call the meeting to each Member. Such notice shall be given not less than fourteen (14) nor more than sixty (60) days prior to the date of the meeting. Notice may be given by mail, personal delivery or facsimile transmittal. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his or her address as it appears on the books of the Corporation. Each Member and Director shall be responsible to provide advance written notice to the Corporation of any address change.

2.6 Waiver of Notice. Notice of the time, place, and purpose of any meeting may be waived in writing (either before or after such meeting) and will be waived by any Member by his or her attendance at the meeting, in person or by proxy, unless the Member at the beginning of the meeting expressly objects to holding the meeting or transacting business at the meeting. A Member waives objection to consideration of a particular matter that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented. Any Member so waiving shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

2.7 Quorum and Adjourned Meetings. The presence in person or by proxy of Members of the Association or voting representatives holding twenty five percent (25%) of the total voting power shall constitute a quorum for the transaction of business at any meeting of Members of the Association. 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 48 hours from the time the original meeting was called.

2.8 Number of Votes. The total voting power equals the number of Lots in the Development and the total number of votes available to the Owner or Owners of each Lot shall be equal to one vote for each Lot owned.

2.9 Voting by Multiple Owners. If only one of the multiple Owners of a Lot is present at a meeting of the Association, the Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners are present, the vote allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one of the multiple Owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

2.10 Voting Representative. An Owner may, by written notice to the Board, designate a voting representative for the Lot. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in a Lot, or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the Lot, except in cases in which the person designated is a Mortgagee of the Lot. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact of the Owner under a durable power of attorney, or the administrators or executors of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Lot shall be the group composed of all of its Owners. If a Lot is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

2.11 Voting by Proxy; Pledged Votes to Mortgagee. The vote allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. If a Lot is owned by more than one person, each owner of a Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates 11 months after its date of issuance. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If an Owner is in default under a first Mortgage on the Lot for one year or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

2.12 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 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 any interest therein, and any Mortgages thereon.

2.13 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.

2.14 Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members, or any adjournment thereof, the Board of Directors may fix in advance (but not more than seventy (70) days prior to such meeting) a record date for any such determination of Members.

SECTION 3. **DIRECTORS**

3.1 General Powers. All corporate powers and the business and affairs of the Corporation shall be exercised and managed under the direction of the Board of Directors except as otherwise provided by the laws under which the Corporation is formed or in the Articles of Incorporation or the Declaration. The Board of Directors may adopt such rules and regulations for the conduct of their meetings and the management of the Corporation as they may deem proper and which are not inconsistent with applicable statutes, the Articles of Incorporation, the Declaration or these Bylaws. The Board of Directors may also establish committees, from time to time, pursuant to RCW 24.03.115.

3.2 Number. The number of Directors of the Corporation shall not be less than three (3) and not more than seven (7). The number of Directors can be increased or decreased from time to time by amending this section, the specific number to be set by resolution of the Board of Directors; and provided further that no decrease in the number of Directors shall shorten the term of any incumbent Director. Notwithstanding the above, until the Transition Date, as defined in the Declaration, the Corporation may have one (1) or more Directors.

3.3 Tenure and Qualifications. Subject to Section 3.7 below, each Director shall hold office for a period of one (1) year. Despite the expiration of a Director's term, unless a Director is removed, each Director continues to serve until the Director's successor shall have been elected and qualified or until there is a decrease in the number of Directors. Directors must be Members of the Corporation or persons having an ownership interest in any Corporation, partnership or other entity which is a member of the Corporation, or persons having an equity interest in Declarant.

3.4 Election. The Directors shall be elected by the Members at the annual Members' meeting each year; and if, for any cause, the Directors shall not have been elected at an annual Members' meeting, they may be elected at the annual meeting of the Board of Directors. If the Directors are not elected at a Board annual meeting, for any cause, then they shall be elected by the Directors at the next regular meeting or a special meeting.

3.5 Vacancies. In case of any vacancy in the Board of Directors, including the vacancy resulting from an increase in the number of Directors, then such vacancy shall be filled by the following, in the order named: the Board of Directors; a majority of the remaining Directors, if they do not constitute a quorum; or, the Members may fill the vacancy.

3.6 Resignation. Any Director may resign at any time by delivering written notice to the Board of Directors, its chairperson, the President or the Secretary of the Corporation. A resignation shall be effective when the notice is delivered unless the notice specifies a later effective date.

3.7 Removal of Directors. 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.

3.8 Meetings.

3.8.1 The annual meeting of the Board of Directors shall be held immediately after the annual Members' meeting at the same place as the annual Members' meeting or at such other place and at such time as may be determined by the Directors. No notice of the annual meeting of the Board of Directors shall be necessary.

3.8.2 Special meetings may be called at any time and place upon the call of the President, Secretary, or by two (2) Directors. Notice of the time and place of each special meeting shall be given by the Secretary by mail, private carrier, facsimile transmission, personal communication by telephone or otherwise at least ten (10) days in advance of the time of the meeting. If notice is mailed, notice shall be deemed to be delivered three (3) days after the notice is deposited in the United States mail, properly addressed with postage prepaid. Notice of any special meeting may be waived in writing (either before or after such meeting) and will be waived by any Director by attendance at the meeting unless the Director at the beginning of the meeting, or promptly upon the Director's arrival, expressly objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.8.3 Regular meetings of the Board of Directors shall be held at such place and on such day and hour as shall from time to time be fixed by resolution of the Board of Directors. No notice of regular meetings of the Board of Directors shall be necessary.

3.8.4 At any meeting of the Board of Directors, any business may be transacted, and the Board may exercise all of its powers.

3.8.5 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 stated 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.

3.9 Quorum and Voting.

3.9.1 A majority of the Directors presently in office shall constitute a quorum, but a lesser number may adjourn any meeting from time to time until a quorum is obtained, and no further notice need be given. The Directors present at a duly organized meeting may continue to transact business at such meeting and at any adjournment of such meeting, notwithstanding the withdrawal of enough Directors from either meeting to leave less than a quorum.

3.9.2 If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present at the meeting is the act of the Board of Directors.

3.9.3 At all meetings of the Board of Directors, each Director shall have one (1) vote.

3.10 Compensation. By resolution of the Board of Directors, the Directors may be reimbursed any expenses incurred by the Directors on behalf of the Corporation. No additional compensation shall be paid to Directors unless approved by the members.

3.11 Budget. Within thirty 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 nor more than sixty days after mailing of the summary. Unless at that meeting the owners of a majority of the votes in the association are allocated or any larger percentage specified in the governing documents 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 be continued until such time as the owners ratify a subsequent budget proposed by the Board of Directors.

As part of the summary of the budget provided to all owners, the Board of Directors shall disclose to the owners:

(a) The current amount of regular assessments budgeted for contribution to the reserve account, the recommended contribution rate from the reserve study, and the funding plan upon which the recommended contribution rate is based;

(b) If additional regular or special assessments are scheduled to be imposed, the date the assessments are due, the amount of the assessments per each owner per month or year, and the purpose of the assessments;

(c) Based upon the most recent reserve study and other information, whether currently projected reserve account balances will be sufficient at the end of each year to meet the association's obligation for major maintenance, repair, or replacement of reserve components during the next twenty years;

(d) If reserve account balances are not projected to be sufficient, what additional assessments may be necessary to ensure that sufficient reserve account funds will be available each year during the next twenty years, the approximate dates assessments may be due, and the amount of the assessments per owner per month or year;

(e) The estimated amount recommended in the reserve account at the end of the current fiscal year based on the most recent reserve study, the projected reserve account cash balance at the end of the current fiscal year, and the percent funded at the date of the latest reserve study;

(f) The estimated amount recommended in the reserve account based upon the most recent reserve study at the end of each of the next five budget years, the projected reserve account cash balance in each of those years, and the projected percent funded for each of those years; and

(g) If the funding plan approved by the association is implemented, the projected reserve account cash balance in each of the next five budget years and the percent funded for each of those years.

3.12 Removal of Board Members. 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 member of the Board of Directors with or without cause.

3.13 Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless:

3.13.1 The Director objects at the beginning of the meeting, or promptly upon the Director's arrival, to holding it or transacting business at the meeting;

3.13.2 The Director's dissent or abstention from the action taken is entered in the minutes of the meeting; or,

3.13.3 The Director delivers written notice of the Director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation within a reasonable time after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

3.14 Committees. The Board of Directors, by resolution adopted by a majority of the Board of Directors, may designate from among its members one or more committees, each of which must have two or more Directors and, to the extent provided in such resolution, shall have and may exercise all the authority of the Board of Directors, except that no such committee shall have the authority to: amend, alter or repeal the bylaws; elect, appoint or remove any member of any such committee or any Director or officer of the Corporation; amend the Articles of Incorporation; adopt a plan of merger or adopt a plan of consolidation with another Corporation; authorize the sale, lease, or exchange of all or substantially all of the property and assets of the Corporation not in the ordinary course of business; authorize the voluntary dissolution of the Corporation or revoke proceedings therefor; adopt a plan for the distribution of the assets of the Corporation; or amend, alter or repeal any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or the Director by law.

SECTION 4.
SPECIAL MEASURES FOR CORPORATE ACTION

4.1 Actions by Written Consent. Any corporate action required or permitted by the Articles of Incorporation, bylaws, or the laws under which this Corporation is formed, to be voted upon or approved at a duly called meeting of the Directors, committee of Directors, or Members may be accomplished without a meeting if one or more unanimous written consents of the respective Directors or Members, setting forth the actions so taken, shall be signed, either before or after the action taken, by all the Directors, committee members, or Members, as the case may be. Action taken by unanimous written consent is effective when the last Director or committee member signs the consent, unless the consent specifies a later effective date. Action taken by unanimous written consent of the Members is effective when all consents are in possession of the Corporation, unless the consent specifies a later effective date.

4.2 Meetings by Conference Telephone. Members of the Board of Directors, members of a committee of Directors, or Members may participate in their respective meetings by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation in a meeting by conference telephone shall constitute presence in person at such meeting,

SECTION 5.
OFFICERS

5.1 Officers Designated. The officers of the Corporation shall be a President, one or more vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person. The appointment, designation, or removal of an officer does not itself create contract rights.

The Board of Directors may, in its discretion, elect a chairperson of the Board of Directors; and, if a chairperson has been elected, the chairperson shall, when present, preside at all meetings of the Board of Directors and the Members and shall have such other powers as the Board may prescribe.

5.2 Election, Qualification and Term of Office. Each of the officers shall be elected by the Board of Directors. None of said officers, except the President and the chairperson of the Board of Directors, need be a Director, but a vice President who is not a Director cannot succeed to or fill the office of President. The officers shall be elected by the Board of Directors at each annual meeting of the Board of Directors. Except as hereinafter provided, each of the officers shall hold office from the date of his or her election until the next annual meeting of the Board of Directors and until his or her successor shall have been duly elected and qualified.

5.3 Powers and Duties. Each officer shall discharge his or her duties as officer in good faith, with the care an ordinary prudent person in a like position would exercise under similar circumstances and in a manner the officer reasonably believes to be in the best interests of the Corporation.

5.3.1 President. The President shall be the chief executive officer of the Corporation and, subject to the direction and control of the Board of Directors, shall have general charge and supervision over its property, business, and affairs. The President shall, unless a chairperson of the Board of Directors has been elected and is present:

- (a) preside at all meetings of the Board of Directors, and shall also preside at all meetings of the Members;
- (b) present, at each annual meeting of the Members and of the Directors, a report of the condition of the business of the Corporation;
- (c) cause to be called regular and special meetings of the Members and Directors in accordance with the requirements of applicable statutes and these bylaws;
- (d) appoint, discharge and fix the compensation of all employees and agents of the Corporation other than the duly elected officers, subject to the approval of the Board of Directors;
- (e) sign and execute all contracts in the name of the Corporation;
- (f) cause all books, reports and statements to be properly kept and filed as required by law; and,
- (g) enforce these bylaws and perform all the duties incident to the office of President which are required by applicable statutes and, generally, supervise and control the business and affairs of the Corporation.

5.3.2 Vice President. In the absence of the President or the President's inability to act, the most senior Vice President shall act in the President's place and stead and shall have all the powers and authority of the President, except as limited by resolution of the Board of Directors.

5.3.3 Secretary. The Secretary shall:

- (a) keep the minutes of the Members' and Board of Directors' meetings in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law;
- (c) shall be the custodian of the corporate records and of the seal of the Corporation (if any) and affix the seal of the Corporation, if applicable, to all documents as may be required;
- (d) keep a register of the post office or street address of each Member and Board of Director member, which address shall be furnished to the Secretary by such Member or Director,
- (e) have general charge and custodianship of the books of the Corporation and keep at the principal office of the Corporation a book or record containing the names, alphabetically arranged, of all persons who are Members of the Corporation,

showing their places of residence and the dates when they became Members; and shall keep such book or record and the minutes of the meetings of the Members open on a daily basis during the usual business hours of the Corporation for inspection within the limits prescribed by law by any person duly authorized to inspect such records. At the request of the person entitled to make an inspection thereof, the Secretary shall prepare and make available a current list of the officers and Directors of the Corporation and their residence addresses;

(f) attend to all correspondence and present to the Board of Directors at its meetings all official communications received by him or her; and

(g) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or the Board of Directors.

5.3.4 Treasurer. Subject to the direction and control of the Board of Directors, the Treasurer shall:

(a) have the custody, control and disposition of the funds and securities of the Corporation and shall account for the same;

(b) after reasonable notice, make available accurate books of account of all business transactions and shall, at all reasonable hours, exhibit books and accounts to any Director;

(c) render a report of the condition of the finances of the Corporation at each regular meeting of the Board of Directors and at such other times as shall be required, and shall make a full financial report at the annual meeting of the Members; and,

(d) at the expiration of the term of office, he or she shall turn over to his or her successor all property of the Corporation in his or her possession.

5.3.5 Other Officers. Other officers shall perform such duties and have such powers as may be assigned to them by the Board of Directors, from time to time.

5.4 Assistant Secretaries and Assistant Treasurers. The assistant Treasurers shall, respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The assistant secretaries and assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

5.5 Removal. The Board of Directors shall have the right to remove any officer whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5.6 Vacancies. The Board of Directors shall fill any office which becomes vacant with a successor who shall hold office for the unexpired term and until his or her successor shall have been duly elected and qualified,

5.7 Compensation. The compensation, if any, of all officers of the Corporation shall

be fixed by the members.

SECTION 6. BOOKS AND RECORDS

6.1 Books of Account, Minutes and Member Register. The Corporation shall keep at its principal office the following: current Articles of Incorporation and bylaws; a record of Members, including names, addresses and classes of membership, if any; correct and adequate records of accounts and finances; a record of officers' and Directors' names and addresses; minutes of the proceedings of the Members, if any, the Board of Directors, and any minutes which may be maintained by a committee of the Board of Directors. Records may be written, or electronic if capable of being converted to writing. The records shall be opened at any reasonable time to inspection by any Member of more than three (3) months standing or a representative of more than five percent (5%) of the Members. Costs of inspecting or copying shall be borne by such Member except for costs for copies of Articles of Incorporation or bylaws. Any such Member must have a purpose for inspection reasonably related to membership interests. Use or sale of Members' lists by such Member if obtained by inspection is prohibited.

6.2 Copies of Resolutions. Any person dealing with the Corporation may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board of Directors or Members, when certified by the President or Secretary of the Corporation.

SECTION 7. DISTRIBUTIONS

A plan providing for the distribution of assets, not inconsistent with the provisions of RCW 24.03 and the purposes of the Corporation as described under its Articles of Incorporation, as amended, may be adopted by the Corporation in the process of dissolution and shall be adopted by the Corporation for the purpose of authorizing any transfer or conveyance of assets for which RCW 24.03 requires upon distribution, in the following manner: (1) where there are Members having voting rights, the Board of Directors, shall adopt a resolution recommending a plan of distribution and directing the submission thereof to a vote at a meeting of Members having voting rights, which may be either an annual or a special meeting. Written or printed notice setting forth a proposed plan of distribution or a summary thereof shall be given to each Member entitled to vote at such meeting, within the time and in the manner provided in these bylaws. Such plan of distribution shall be adopted upon receiving at least two-thirds (2/3) of the votes which Members present at such meeting are entitled to cast; and (2) where there are no Members having voting rights, a plan of distribution shall be adopted at a meeting of the Board of Directors upon receiving a vote of a majority of the Directors in office. If the plan of distribution includes assets received and held by the Corporation subject to limitations described in RCW 24.03.225(3), notice of the adoption of the proposed plan shall be submitted to the Attorney General of the State of Washington by registered or certified mail directed to the Attorney General in Olympia, Washington, at least twenty (20) days prior to the meeting at which the proposed plan is to be adopted. No plan for the distribution of such assets may be adopted without the approval of the Attorney General, or the approval of a court of competent jurisdiction in a proceeding to which the Attorney General may be a party. In the event that an objection is not filed by the Attorney General within twenty (20) days after the date of the mailing, the Attorney General's approval shall be deemed to have been given. Further, any distribution must be consistent with the requirements set forth in the Articles of Incorporation.

SECTION 8.
AMENDMENT OF BYLAWS

These bylaws may be amended, altered, or repealed by the affirmative vote of a majority of the members at any regular or special meeting of the members, where notice of the proposed amendment has been duly given.

SECTION 9.
CORPORATE TAX YEAR

The tax year of the Corporation shall be set by resolution of the Board of Directors.

SECTION 10.
CONTRACTS, LOANS, CHECKS AND DEPOSITS

10.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

10.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

10.3 Checks. Drafts. Etc. All checks, drafts or other orders for the payment of money, and notes or other evidence of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation in such manner as shall be determined by resolution of the Board of Directors.

10.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

10.5 Guarantees. The Board of Directors shall be authorized to make guarantees respecting the contracts, securities or obligations of any person (including, but not limited to, any Member, any affiliated or unaffiliated individual, domestic or foreign Corporation, partnership, association, joint venture or trust) if such guarantee may reasonably be expected to benefit, directly or indirectly, the guarantor Corporation. As to the enforceability of the guarantee, the decision of the Board of Directors that the guarantee may be reasonably expected to benefit, directly or indirectly, the guarantor Corporation shall be binding in respect to the issue of benefit to the guarantor Corporation.

SECTION 11.
INDEMNIFICATION

Pursuant to RCW 24.03.043, and to the full extent permitted by the Washington Business Corporation Act and the Articles of Incorporation, the Corporation shall indemnify any Director, officer or person who was or is a party or is threatened to be made a party to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the Corporation or otherwise) by reason of fact that he or she is or was a Director or officer of the Corporation or is or was serving at the request of the Corporation as a Director or

officer of another Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding. The Board of Directors may, at any time, approve indemnification of any other person which the Corporation has the power to indemnify under the Washington Business Corporation Act.

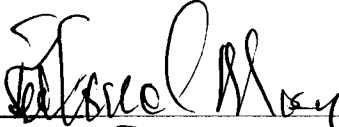
Notwithstanding the above, nothing herein shall eliminate or limit the liability of a Director for acts or omissions that involve intentional misconduct by a Director or a knowing violation of law by a Director, for conduct violating RCW 23B.08.310, or for any transaction from which the Director will personally receive a benefit in money, property or services to which the Director is not legally entitled.

The indemnification provided by this section shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract.

SECTION 1)
MISCELLANEOUS

- a) Effective Date. These bylaws shall be effective upon execution.
- b) Location. The principal office of the Corporation shall be located at the residence of the Secretary of the Corporation, unless the Board of Directors determines otherwise.
- c) Secretary Certification. Any person dealing with the Corporation may rely upon a copy of any records of the proceedings, resolutions or votes of the Board of Directors or Members, when certified as accurate by the Secretary of the Corporation.

APPLE TREE HOMEOWNERS ASSOCIATION

By:  [signature]
Print Name: RICHARD MAY
Title: PRESIDENT

Effective Date: Adopted at the June 13, 2012
Annual Meeting of Owners