

**BYLAWS OF THE
SILVER CREEK HOME OWNERS ASSOCIATION
(Amended and Restated as of August 2, 2012)**

ARTICLE I - DEFINITIONS

As used in these Bylaws, the following definitions shall apply

1.1 Association. The term "Association" shall mean the SILVER CREEK HOME OWNERS ASSOCIATION, a not for profit corporation formed under Revised Code of Washington Chapter 24.03 (the "Act"), and its successors and assigns.

1.2 Declaration. The term "Declaration" shall mean the Declaration of Covenants, Conditions, Restrictions and Easements for Silver Creek recorded on December 12, 1996 under Pierce County Recorder's No. 961212005. As well as any supplementary declarations recorded against the Plat; including but not limited to: 9612120006, 200505120308, 200304301487, 9903310233, 9612120007, 9911240709, 9912100688, and 200603160780.

1.3 Other Terms. Unless the context requires otherwise, the definitions in Article I of these Declarations, as amended from time to time, shall otherwise apply.

ARTICLE 2- APPLICATION OF BYLAWS

These Bylaws, and such rules and regulations as may be established from time to time by the Association for the use and operation of the Property (the "Rules and Regulations"), shall apply to all present or future members of the Association, Owners or others having a full or partial legal or equitable interest in a Lot or Living Unit, mortgagees, lessees, tenants, licensees and occupants of Lots or Living Units and their guests and employees, and any other persons using the Property and common areas and facilities thereof.

ARTICLE 3 - PURPOSE - POWERS

3.1 Purpose. The purpose of the Association is to administer the Property pursuant to the applicable provisions of the State Statutes governing homeowner associations, the Declaration, these Bylaws, the Association's Articles of Incorporation (the "Articles") and the Rules and Regulations.

3.2 Powers. The Association shall have the powers enumerated in the State Statutes and in the Declaration.

ARTICLE 4- MEMBERSHIP - VOTING - REGISTRATION MATTERS

4.1 Membership. Each Owner shall automatically become a member of the Association upon acquisition of an ownership interest of a Lot or Living Unit and shall be entitled to participate personally or through a designated representative, as provided in the Declaration and these Bylaws.

4.2 Voting. Votes shall be exercised by the Owners on the following basis: Every Owner of a Lot shall be entitled to cast four (4) votes in the Association for each Lot owned.

4.3 Voting by mail (Ballots and Proxy Ballots). In order to protect members' rights, and to assure that all members who wish to vote are able to express their own voice; Voting shall be by mail with respect to any particular election of the Board and with respect to adoption of any proposed amendment to the Declaration or Bylaws, and with respect to any other matter for which approval by the Owners is required by the Declaration or Bylaws, in accordance with the following procedure:

(a) Election of directors: the existing directors shall solicit nominees through an announcement on the official website of Silver Creek at least sixty (60) days before the voting ballots will be mailed. They will then advise the Secretary (or the management company on the secretary's behalf) in writing of the names of nominees for all open seats to be filled, and of a date not less than thirty (30) days after such advice is given by which all votes are to be received. The Secretary, (or the management company on the secretary's behalf) within fifteen (15) days after such advice is given, shall give written notice to all Owners of the number of directors to be elected and of the names of the nominees. The notice shall state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of directors to be elected, by notice in writing to Secretary (or the management company on the secretary's behalf) at the address specified in the notice, to be received on or before a specified date not less than fifteen (15) days from the date the notice is given by the Secretary (or the management company on the secretary's behalf). Within fifteen (15) days after the specified date, the Secretary (or the management company on the secretary's behalf) shall give written notice and/or ballots to all Owners stating the number of directors to be elected, the names of all persons nominated by the Board, the names of persons nominated by members and the date (not less than 30 days after mailing) by which votes of the Owners must be received by the official Election Auditor (as selected by the Board of Directors) at the address of the selected Auditor; by postal mail or drop box located at the selected Auditor's office (if Auditor is able to make this drop box option available). Votes received after that date will not be counted. Provided that a quorum of ballots is met the same as in the case of a meeting (defined in section 5.7 of these By-Laws - 10% or more of the total eligible votes in the association) by the deadline, all persons elected as directors pursuant to the election by mail shall take office effective on the date specified in the notice for the receipt of votes (usually the date of the next scheduled board meeting).

(b) In the case of a vote relating to any other matter, the Secretary (or the management company on the secretary's behalf) shall give written notice and/or ballots to all Owners, which shall include a proposed written resolution setting forth a description of the proposed action and shall state that the Owners are entitled to vote by mail for or against the proposal by delivering the vote on or before a specified date, not less than 20 days after the notice, to the address of the management company by either postal mail or drop box located at the management company. Votes received after that date will not be counted. Any such proposal shall be adopted if approved by the affirmative vote of not less than a majority of the votes entitled to be cast on such question, so long as the number of votes received shall constitute a quorum (defined in section 5.7 of these

By-Laws - 10% or more of the total eligible votes in the association) unless a greater or lesser voting requirement is established by the Declaration or Bylaws for the matter in question.

(c) Delivery of a vote in writing to the specified address shall be equivalent to receipt of a vote by mail at such address for the purpose of this Section.

(d) The Ballot – Official Silver Creek Ballots shall be sent to all Owners in the same manner as notice of meetings, with specified deadline for return of ballots. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage of ballots returned, unless approval of a specified percentage of all voting power is required by law, the Declaration or these Bylaws. Within Ten (10) days after the ballots have been counted, each Owner shall be notified by mail or other delivery such as announcement on the official website of Silver Creek. (Notice of the results of the ballot or that a quorum of ballots was not returned). The Written Ballot (proxy ballot) takes the place of forms previously called Proxies. These ballots or an outside sealing envelope shall include identifying information and signatures of the Owner entitled to vote.

4.4 Registration of Members and Mortgagees. The Board of Directors shall maintain a register containing the names and addresses of the Owners, their designated representatives and the holders or assignees of any voting rights or proxies that have been filed with the Association.

4.5 Evidence of Ownership. Any person becoming an Owner of a Lot or Living Unit, or acquiring an interest therein entitling that person to exercise voting rights as, or on behalf of, a member of the Association, shall not be entitled to exercise such voting rights until such person shall either show as the owner on the records of the Pierce County Auditor as listed on their website or furnish to the Secretary of the Association (or the management company on the secretary's behalf) a copy of a recorded deed or other instrument vesting that person with title to the Lot or Living Unit or with the voting rights pertaining thereto, which instrument shall remain in the files of the Association.

4.6 Registration of Mailing Address. Multiple Owners of a Lot or Living Unit shall designate a single mailing address to be used by the Association for mailing of statements, notices, demands and other communications; and such address shall be the only mailing address of the persons, firm, corporation, partnership, association or other legal entity, or any combination thereof, to be used by the Association. Such address shall be registered by such Owners with the Secretary of the Association within thirty (30) days after receipt of title or interest in a Lot or Living Unit. Such registration shall be in written form and signed by the Owner of the Lot or Living Unit or by such persons as are authorized by law to represent the interests of all of the Owners thereof. If no such address is registered, or if all of the Owners cannot agree, then the address of the Lot or Living Unit itself shall be the registered address until the registered address is furnished under this section. Registered addresses may be changed from time to time by similar designation.

ARTICLE 5- MEETINGS OF MEMBERS OF THE ASSOCIATION

5.1 Meeting Place. All meetings of the members shall be held at such reasonable place within the State of Washington, as shall be determined from time to time by the Board of Directors, and the place at which any such meeting shall be held shall be stated in the notice of the meeting.

5.2 Annual Meeting Time. The annual meeting of the members shall be held during the last quarter of each year on such date and at such time and place as shall be determined by the board of directors to be best for the community.

5.3 Special Meeting. Special meetings of the members for any purpose may be called at any time by the President, Board of Directors or upon the written request of Owner(s) holding at least five percent (5%) of the Association's votes (note: as stated in the declaration, any member whose voting rights are suspended will not be counted toward the requirement).

5.4 Order of Business.

At the meetings of members, the order of business shall be as follows

- (a) Roll call of board and announcement of presence of quorum (or lack thereof).
- (b) Proof of notice of meeting (or filing of waiver).
- (c) Reading of minutes of last meeting.
- (d) Reports of officers
- (e) Reports of committees.
- (f) Board of Directors Election Results from mail in ballots (annual meeting).
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

5.5 Notice. Notice of the time and place of the annual or special meeting of members shall be given to each member by delivering personally or by mailing a written notice of the same, at least fourteen (14) days, and not more than sixty (60) days, prior to the meeting. If the meeting is a special meeting of the members, the notice shall also state the purpose or purposes for which the meeting is called.

5.6 Voting List. At least ten (10) days before each meeting of members, a complete list of the members entitled to vote at such meeting, or any adjournment thereof, shall be made, arranged in alphabetical order, with the address of each. This list shall be kept on file with the Secretary of the Association (or the management company on the secretary's behalf), for a period of ten (10) days prior to such meeting. The list shall be kept open at the time and place of such meeting for inspection by any member.

5.7 Quorum. The quorum of Owners at any annual or special meeting of the Association shall be the presence, in person or by proxy, of persons holding at least ten percent (10%) or more of the total eligible votes in the association, unless otherwise expressly provided herein. If a quorum is present at any such meeting, any action may be taken by an affirmative vote of a majority of the total votes present at the meeting, except as otherwise expressly provided in the Declaration or these Bylaws.

5.8 Waiver of Notice. Attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A waiver of any notice required to be given any members, signed by the person or persons entitled to such notice, whether before or after the time stated therein for the meeting, shall be equivalent to the giving of such notice.

5.9 Action by Members Without a Meeting. Any action required or which may be taken at a meeting of members may be taken if consent in writing, setting forth the action so taken shall be signed by all of the members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the members.

5.10 Action of Members by Communications Equipment. Members may participate in a meeting of members 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, and participation by such means shall constitute presence in person at a meeting.

ARTICLE 6- THE BOARD OF DIRECTORS

6.1 Number and Powers. The Association shall be administered and managed by the Board of Directors consisting of five (5) directors elected by the members. To promote fair representation of all Silver creek neighborhoods, no more than one (1) member from any one Silver Creek neighborhood (defined at this writing as Ashford, Brookfield, Country Hollow, Grayhawk, Highlands, Hillsboro, Premier, Sterling Ridge, Southridge) may serve on the board at the same time. The term of office will be for three (3) years and the directors are to be a member in good standing in the association – owe no monies and have no outstanding violations against them. In addition to the powers and authority expressly conferred upon it by these Bylaws and the Declaration, the Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by State Statute or by the Declaration or by these Bylaws directed or required to be exercised or done by the members.

6.2 Changing of Number. The number of directors may at any time be increased or decreased by amendment of these Bylaws, but no decrease shall have the effect of shortening the term of any incumbent director. In no event shall the number of directors be decreased to less than three (3) directors.

6.3 Vacancies. All vacancies in the Board of Directors, whether caused by resignation, death or otherwise, may be filled by the above described voting process. In the event the process is not legally called within twenty (20) days after written or website electronic notice of a vacancy is given to the members, the vacancy 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 his predecessor or until his successor is elected and qualified. Any directorship to be filled by reason of an increase in the number of directors may be filled by the Board of Directors for a term of office continuing only until the next election of directors by the members.

6.4 Removal of Directors. Any director may be removed with or without cause by a majority of the members at a special meeting of the Association called for such purpose.

6.5 Regular Meeting Regular meetings of the Board of Directors may be held at such place or places within the State of Washington as the Board of Directors may from time to time designate and post on the web site and/or community calendar. The Board of directors shall hold a minimum of one (1) meeting per year.

6.6 Special Meeting. Special meetings of the Board of Directors may be called at any time by the President, or in his absence, by any director, or by request of majority of the board; to be held at such reasonable place within the State of Washington, as the persons calling the meeting may designate.

6.7 Notice. Notice of the time and place of all special meetings of the Board of Directors shall be given to each director by delivering personally or by email or by mailing a written notice of the same, at least three (3) days prior to the meeting. Such notice shall state the purpose or purposes for which the special meeting is called.

6.8 Quorum. A majority of the Board of Directors currently holding seats (vacant seats are not counted) shall constitute a quorum. The Board of Directors shall act by majority vote of those present at its meetings where a quorum exists.

6.9 Waiver of Notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A waiver of notice signed by the director or directors, whether before or after the time stated for the meeting, shall be equivalent to the giving of notice.

6.10 Registering Dissent. A director who is present at a meeting of the Board of Directors at which action on a matter is taken shall be presumed to have assented to such action unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting, before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Association (or the management company on the secretary's behalf) immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

6.11 Executive and Other Committees. Standing or temporary committees may be appointed by the Board of Directors from time to time and the Board of Directors may from time to time invest such committees with such reasonable powers as it may see fit, subject to such conditions as may be prescribed by the Board. All committees so appointed shall keep regular minutes of the transactions of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the Association. The designation of any such committee and the delegation of authority thereto, shall not relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

6.12 Compensation. Directors shall not be paid compensation for their services, provided that nothing herein contained shall be construed to preclude any director from serving the Association

in any other capacity and receiving reasonable compensation for services rendered in such other capacity.

6.13 Action by Directors Without a Meeting. Any action required or which may be taken at a meeting of the directors, or of a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed before such action by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

6.14 Action of Directors by Communications Equipment. Any action required or which may be taken at a meeting of directors, or of a committee thereof, may be taken 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.

ARTICLE 7- OFFICERS

7.1 Designations. The officers of the Association shall be a President, a Secretary, and a Treasurer, who shall be appointed or elected by the Board of Directors. The Board may also from time to time appoint or elect a Vice-President, an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The officers shall be appointed or elected for a term of one (1) year by the directors at their first meeting after the annual meeting of members, 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. The Board shall have the power to declare the office of a member of the Board of Directors vacant in the event such member shall be absent (without excuse granted by the President or in his stead, the next ranking officer) for three (3) consecutive regular meetings of the board.

7.2 The President. The President shall preside at all meetings of members and directors; shall have general supervision of the affairs of the Association; and shall perform all such other duties as are incident to the office or are properly required by the Board of Directors. The President shall also have the power to declare the office of a member of the Board of Directors vacant in the event such member shall be absent (without excuse granted by the President or in his stead, the next ranking officer) for three (3) consecutive regular meetings of the board.

7.3 Vice-President. During the absence or disability of the President, the Vice- President, if any, shall exercise all the functions of the President. The Vice-President shall have such powers and discharge such duties as may be assigned to him or her from time to time by the Board of Directors.

7.4 Secretary and Assistant Secretary. The Secretary shall, issue notices for all meetings, except for notices for special meetings of the members and special meetings of the directors which are called by the requisite number of members or directors, shall keep minutes of all meetings, shall have charge of the corporate books, and shall make such reports and perform such other duties as

are incident to that office, or are properly required of him or her by the Board of Directors. The Assistant Secretary, if any, shall perform all of the duties of the Secretary during the absence or disability of the Secretary, and at other times may perform such duties as are directed by the President or the Board of Directors. (The management company on the secretary's behalf may be assigned or may assume any of the duties in this job description as per its contract with the HOA)

7.5 The Treasurer and Assistant Treasurer. The Treasurer shall have the custody of all monies and securities of the Association and shall keep regular books of account. The Treasurer shall disburse the funds of the Association in payment of the just demands against the Association or as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Board of Directors from time to time as may be required, an account of all his or her transactions as Treasurer and of the financial condition of the Association. The Treasurer shall perform such other duties incident to that office or that are properly required of him by the Board of Directors. The Assistant Treasurer, if any, shall perform all of the duties of the Treasurer in the absence or disability of the Treasurer and at other times may perform such other duties as are directed by the President or the Board of Directors. (The management company on the Treasurer's behalf may be assigned or may assume any of the duties in this job description as per its contract with the HOA)

7.6 Delegation. In the case of absence or inability to act of any officer of the Association and of any person herein authorized to act in his 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 other person whom it may select.

7.7 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.

7.8 Other Officers. The Board of Directors may appoint such other officers and agents as it shall deem necessary or expedient, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

7.10 Term/Removal. The officers of the Association, 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, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

7.11 Bonds. The Board of Directors may, by resolution, require any and all of the officers to give bonds to the Association, with sufficient surety or sureties, conditioned for the faithful performance of the duties of their respective offices, and to comply with such other conditions as may from time to time be required by the Board of Directors.

ARTICLE 8 COMMON EXPENSES AND ASSESSMENTS

8.1 Common Expense. Common expenses include the expenses incurred by the Association in the operation, management, maintenance and administration of the Property pursuant to the provisions of the Declaration or these Bylaws.

8.2 Estimate of Expense. Within ninety 90 days prior to the beginning of each calendar year, or such other fiscal year as the Board of Directors may adopt, the Board of Directors shall estimate the common expenses which it anticipates will be incurred during the forthcoming year, and determine the annual assessments and any special assessments to be paid during such year; shall make provision for creating, funding and maintaining reasonable reserves for contingencies, operations and repair, replacement and acquisition of common areas and facilities; and shall take into account any expected income and any surplus available from the prior year's operations. The determination and collection of assessments for any initial partial year of operation of the Property may be made by the Board of Directors at any time within ninety (90) days after the commencement of such partial year. The Board of Directors may also from time to time impose such special assessments as may be determined by the Board of Directors, subject to the restrictions in the Declaration or these Bylaws. If the sum estimated and budgeted at any time proves inadequate for any reason (including nonpayment for any reason of any Owner assessment), the Board of Directors may at any time levy a further assessment, which shall be assessed to the Owners. The annual budget and proposed assessments determined by the Board of Directors shall be voted on by mail ballots similar to election of directors and may be reviewed and revised by the Owners at the annual meeting of the Association if a quorum is present or at any special meeting called for such purpose, but if not so reviewed or revised shall be deemed approved.

8.3 Payment. Each Owner shall pay assessments made pursuant to this Article 8 to the Association. Payment of assessment is due in January with the option of paying one half in January and the balance in June, or in such other reasonable manner as the Board of Directors shall designate, and any unpaid assessments shall bear interest at a rate established by the Board of Directors but in no event at a rate in excess of the maximum rate then permitted in the State of Washington. The Board of Directors (or the management company on its behalf) shall be entitled to waive all or any part of such late charges and interest in the exercise of its discretion.

8.4 Waiver. The failure by the Board of Directors or the Association before the expiration of any calendar year to fix the estimate and assessments hereunder for the forthcoming year shall not be deemed a waiver or modification in any respect of the provisions of these Bylaws, or a release of the Owner from the obligation to pay the assessment or any installment thereof, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

8.5 Depositories. The monies of the Association shall be deposited in the name of the Association in such bank or banks, trust company or trust companies or other financial institution as the Board of Directors shall designate, and shall be drawn out only in such manner as may be determined by resolution of the Board of Directors. Without limiting the foregoing generality, the Board of Directors may elect to deposit the funds of the Association in a ready asset fund, certificate of deposit or other form of investment which provides a higher yield than a savings account or trust

company account. The account or other investments selected by the Board of Directors is to be federally insured.

8.6 Use of Funds. All funds collected hereunder shall be expended for the purposes designated in or permitted by the Declaration or these Bylaws.

8.7 Assessment. All assessments shall be assessed to Owners on the basis provided for in the Declaration and any amendments thereof.

8.8 Books and Records. The Board of Directors shall cause to be kept complete and accurate books and records of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred, together with any additional information which from time to time may be determined by the Board of Directors. Such books and records and the vouchers authorizing payments shall be available for examination by the Owners, their mortgagees, agents or attorneys at any reasonable time or times. Any audit requested by any Owner, mortgagee agent or attorney shall be provided only if approved by the Board and fully paid for by the person requesting it.

ARTICLE 9- INSURANCE

9.1 Declaration. The Board of Directors shall obtain and maintain at all times the insurance coverage specified in the Declaration and such other insurance and with such coverage limits as may be approved by the Board of Directors.

9.2 Fidelity Bonds. The Board of Directors shall obtain and maintain at all times Fidelity bonds naming any person or entity handling funds of the Association, including employees or any manager or other agent of the Association, and such other persons as may be designated by the Board, as principals and the members as obligees, in an amount determined by the Board of Directors.

9.3 Indemnification. The Board of Directors may elect to obtain insurance coverage, in such amounts as the Board of Directors may in its discretion determine to indemnify the directors, officers and agents of the Association.

9.4 D&O coverage. The HOA/Board shall also secure coverage for Directors and Officers of the association in amounts that will provide adequate protection for the Directors and Officers.

ARTICLE 10- MORTGAGEE PROTECTION

The institutional holder of a first mortgage on a Lot or Living Unit shall be entitled to the following rights and privileges:

10.1 Voting. In the event an Owner shall have pledged his vote to a first mortgagee, to cast the vote pursuant to the authority given under the terms of the pledge involved.

10.2 Notice. The first Mortgagee has the right (at its request) to receive written notice at the address designated by the first mortgagee of:

- (a) all annual or specific meetings of the Association and be permitted to designate a representative to attend such meetings;
- (b) any default by the Owner in the performance of any obligations under this Declaration, the Bylaws or the Act which is not cured within thirty (30) days; and
- (c) all other matters to which the Owner is entitled to written notice under the terms of this Declaration, the Bylaws, the Act or other applicable laws, ordinances or administrative rules and regulations.

The foregoing notices shall be given to the first mortgagee at the same time or times that comparable notices are to be given to the Owner. The failure of the Association, or its officers, directors or agents, to furnish the foregoing notices shall not result in any liability to the first mortgagee unless such failure is willful or due to gross negligence.

10.3 Insurance. To be given the endorsements of insurance policies and the notices, and to exercise all other rights and privileges with respect to insurance matters, which are specified in the Bylaws for the benefit of mortgagees.

ARTICLE 11 - NOTICES

Except as may otherwise be required by law or be specifically provided otherwise in the Declaration or these Bylaws, any notice to any member, officer or director shall be delivered either personally or by mail as provided in Section 11.8 of the Declaration. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to the President or Secretary of the Board of Directors or to the management company.

ARTICLE 12 - INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

1) As used in this Article:

- (a) "Director" means any person who is or was a director of the Association,
- (b) "Association" includes any domestic or foreign predecessor entity of the Association in a merger, consolidation or other transaction in which the predecessor's existence ceased upon consummation of such transaction.
- (c) "Expenses" include attorneys' fees.
- (d) "Liability" means the obligation to pay a judgment, settlement, fine or reasonable expenses incurred with respect to a proceeding.
- (e) when used with respect to a person other than a director as contemplated in subsection (9) of this Article, the elective or appointive office in the Association held by the officer or the employment or agency relationship undertaken by the employee or agent on behalf of the

Association, but in each case does not include service for any other foreign or domestic Association or any partnership, joint venture, trust, other enterprise, or employee benefit plan.

(f) "Party" includes a person who was, is or is threatened to be made a named defendant or respondent in a proceeding.

(g) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

2) The Association shall indemnify any person made a party to any proceeding (other than a proceeding referred to in subsection (3) of this Article) by reason of the fact that he is or was a director against liabilities actually incurred by him in connection with such proceeding if:

(a) he conducted himself in good faith and (i) in the case of conduct in his own official capacity with the Association, he reasonably believed his conduct to be in the Association's best interest or (ii) in all other cases, he reasonably believed his conduct to be at least not opposed to the Association's best interests; and

(b) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, be determinative that the person did not meet the requisite standard of conduct set forth in this subsection.

3) The Association shall indemnify any person made a party to any proceeding by or in the right of the Association by reason of the fact that he is or was a director against reasonable expenses actually incurred by him in connection with such proceeding if he conducted himself in good faith, and:

(a) in the case of conduct in his official capacity with the Association, he reasonably believed his conduct to be in its best interests; or

(b) in all other cases, he reasonably believed his conduct to be at least not opposed to its best interests; provided that no indemnification shall be made pursuant to this subsection in respect of any proceeding in which such person shall have been adjudged to be liable to the Association.

4) A director shall not be indemnified under subsection (2) or (3) of this Article in respect of any proceeding whether or not involving action in his official capacity, in which he shall have been adjudged to be liable on the basis that he received a benefit in money, property or services to which he was not legally entitled.

5) Unless otherwise limited by the Articles of Incorporation, a director who has been wholly successful, on the merits or otherwise, in the defense of any proceeding referred to in subsection (2) or (3) of this Article shall be indemnified against reasonable expenses incurred by him in connection with the proceeding.

6) No indemnification under subsection (2) or (3) of this Article shall be made by the Association unless authorized in the specific case after a determination that indemnification of the director is permissible in the circumstances because he has met the standard of conduct set forth in the applicable subsection. Such determination shall be made:

(a) by the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to such proceeding; or

(b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board, duly designated to act in the matter by a majority vote of the full Board (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to such proceeding; or

(c) in a written opinion by legal counsel, other than an attorney or a firm having associated with it an attorney who has been retained by or who has performed services within the past three (3) years for the Association or any party to be indemnified, selected by the Board of Directors or a committee thereof by vote as set forth in (a) or (b) of this subsection, or if the requisite quorum of the full Board cannot be obtained therefore and such committee cannot be established, by a majority vote of the full Board (in which selection directors who are parties may participate).

Authorization of indemnification and determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by such legal counsel, authorization of indemnification and determination as to reasonableness of expenses shall be made in a manner specified in (c) of this subsection for the selection of such counsel.

7) Reasonable expenses incurred by a director who is party to a proceeding may be paid or reimbursed by the Association in advance of the final disposition of such proceeding:

(a) upon receipt by the Association of a written undertaking by or on behalf of the director to repay such amount if it shall ultimately be determined that the director has not met the standard of conduct necessary for indemnification by the Association as authorized by this Article; and:

(b) upon receipt by the Association of:

(i) a written affirmation by the director of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association as authorized in this Article; and

(ii) a written undertaking by or on behalf of the director to repay such amount if it shall ultimately be determined that he has not met such standard of conduct.

The undertaking required by (a) of this subsection shall be an unlimited general obligation of the director, but need not be secured and may be accepted without reference to financial ability to make the repayment. Payments under this subsection may be authorized in the manner specified in subsection (6) of this Article.

8) The Association shall have power to make or agree to any further indemnity, including advance of expenses, to any director that is authorized by the Articles of Incorporation, these Bylaws or any bylaw adopted or ratified by the shareholders, or any resolution adopted or ratified, before or after the event, by the members, provided that no such indemnity shall indemnify any director from or on account of acts or omissions of such director finally adjudged to be intentional misconduct or a knowing violation of law, or from or on account of conduct of such director finally adjudged to be in violation of RCW 23.B.08.3 10, or from or on account of any transaction with respect to which it was finally adjudged that such director personally received a benefit in money, property, or services to which the director was not legally entitled. Unless the Articles of Incorporation, or any such bylaw or resolution provide otherwise, any determination as to any further indemnity shall be made in accordance with subsection (6) of this Article. Each such indemnity may continue as to a person who has ceased to be a director and may inure to the benefit of the heirs, executors, and administrators of such a person.

9) Unless otherwise limited by the Articles of Incorporation,

(a) the Association shall provide indemnification, including advances of expenses, to an officer, employee, or agent of the Association to the same extent that it may indemnify directors pursuant to this Article except that subsection (12) of this Article shall not apply to any person other than a director; and

(b) the Association, in addition, shall have the power to indemnify an officer who is not a director, as well as employees and agents of the Association who are not directors, to such further extent, consistent with law, as may be provided by the Articles of Incorporation, these Bylaws, general or specific action of the Board of Directors, or contract. (10) The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association or is or was serving at the request of the Association as an officer, employee or agent of another Association, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

10) Any indemnification of a director in accordance with this Article, including any payment or reimbursement of expenses, shall be reported to the members with the notice of the next members meeting or prior thereto in a written report containing a brief description of the proceedings involving the director being indemnified and the nature and extent of such indemnification.

ARTICLE 13 - RULES AND REGULATIONS

The Board of Directors may from time to time adopt such rules and regulations as may be necessary or advisable to insure compliance with or to supplement the covenants, conditions and restrictions set forth in the Declaration, or as may reasonably be required for the use, occupancy and maintenance of the Property, and common areas and facilities. When so adopted, such rules

and regulations shall be binding upon all Owners and occupants of the Property. The Board of Directors may from time to time amend any such rules and regulations. Except to the extent already set forth in the Declaration, such rules and regulations shall be stated in writing and shall be made available to each Lot Owner, tenant, mortgagee or other party having a legitimate interest therein, upon request to the Secretary of the Association (or the management company on the secretary's behalf).

ARTICLE 14- AMENDMENTS

In addition to any amendment of these Bylaws authorized by the terms of the Declaration or the Articles of Incorporation, these Bylaws may be altered, amended or repealed by an affirmative vote of seventy five percent (75%) of the members by written ballot or at a meeting of the Association duly called for that purpose and, to the extent that the amendment affects any of the following matters, the consent of fifty one percent (51%) of First Mortgagees, including Federal Mortgage Agencies: voting rights, assessment liens and subordination of such liens; reserves for maintenance, repair, and replacement of Common Areas; insurance or fidelity bonds; responsibility for maintenance and repair; the boundaries of any Lot except minor Lot line adjustments; reallocation of interests in the Common Areas; convertibility of Lots or Living Units into Common Areas or of Common Areas into Lots or Living Units; imposition of any restrictions on the right of an Owner to sell or transfer his or her Lot or Living Unit; a decision by the Association to establish self-management when professional management had been required previously by first Mortgagee; and any action to terminate the legal status of the Silver Creek development after substantial destruction or condemnation occurs.

ARTICLE 15 - CONFLICT WITH DECLARATION OR LAW - INTERPRETATION

These Bylaws are intended to comply with and supplement the Declaration and Articles; if any of these Bylaws conflict with the provisions of the Declaration, the provisions of the Declaration will control. The provisions of these Bylaws shall be liberally construed to effectuate their purposes to create a uniform plan for management and operation.

Amended and Restated by the Association as of the 2nd day of August, 2012