

EXHIBIT C

**BYLAWS
OF
PACIFIC MEADOWS, SNOHOMISH
HOMEOWNERS' ASSOCIATION**

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**BYLAWS
OF
PACIFIC MEADOWS, SNOHOMISH HOMEOWNERS' ASSOCIATION**

**ARTICLE I
Name and Location**

The name of the corporation is Pacific Meadows, Snohomish Homeowners' Association, hereinafter referred to as the "Association." The mailing address of the principal office of the Association will be 17921 Bothell-Everett Hwy., Suite 100, Bothell, Washington, 98012, but meetings of Members and directors may be held at such places within the State of Washington, County of Snohomish, as may be designated by the Board of Directors.

**ARTICLE II
Definitions**

The terms used in these Bylaws have the same meaning as those used in the Declaration of Covenants, Conditions and Restrictions for Pacific Meadows that was recorded on July 11, 2007, under Snohomish County Auditor's File No. 200707110118, (the "Declaration").

**ARTICLE III
Meetings of Members**

Section 1. Annual Meetings. The first annual meeting of the Members will be held at the discretion of the original Directors within one (1) year from the date of incorporation of the Association. Thereafter, annual meetings will be held on the anniversary of such date in each succeeding year, or on such date as approved by a majority of the membership if they decide the annual meeting should be held on another date for each succeeding year. If the anniversary date of the annual meeting of the Members is a Saturday, Sunday, or legal holiday, the meeting will be held at the same hour on the first day following which is not a Saturday, Sunday, or legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President, a majority of the Directors, or on written request of Members entitled to vote, in the aggregate, twenty percent (20%) or more of the votes.

Section 3. Notice of Meetings. Written notice of each meeting of the Members will be given by, or at the direction of, the Secretary or other person authorized to call the meeting, by hand delivering or by mailing a copy of such notice, postage prepaid, not less than fourteen (14) nor more than sixty (60) days before such meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied in writing by such Member to the Association for the purpose of notice. Such notice will specify the place, day, and hour of the meeting, and the items on the agenda to be voted on by the

Members, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or Bylaws, changes of a previously approved budget that result in Assessment obligations, and any proposal to remove a Director or officer. All meetings will be held at such place as is convenient for the Members as determined by the Board of Directors, but in any event, in Snohomish County, Washington.

Section 4. Quorum. Except as set forth and required by the Declaration, the presence at the beginning of any meeting of Members entitled to cast twenty-five percent (25%) of the votes of the Association constitutes a quorum throughout that meeting for any action. If a quorum is not present or represented at any meeting, the Members entitled to vote may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

Section 5. Manner of Voting. At all meetings of Members, each Member may vote in person, by mail, or by proxy. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Unit shall not be divisible and in no event shall more than one (1) vote be cast with respect to any Lot. There should be one voting Owner or agent for each Lot. Such voting Owner or agent shall be designated by the Owner(s) by written notice signed by each party with an ownership interest, which notice shall be filed with the Secretary of the Board of Directors. The voting agent need not be an Owner. When no designation is made, or where designation has been made and revoked and no new designation has been made, the voting Owner shall be the person or group composed of all Owners of that Lot who attend any meeting of the Association; however, votes may not be split by multiple Owners of a Lot. Thus, if multiple Owners cannot agree on a vote, their vote will not be counted on a vote of the Association membership, even though those Owners may be counted for purposes of a quorum (as if abstaining). Any designation of voting agent may be revoked at any time by any one of the parties with an ownership interest in the Lot on written notice filed with the Secretary of the Board of Directors. Such designation is deemed revoked when the Secretary receives actual notice of the death or judicially declared incompetence of the Owner of the Lot, or of the conveyance of such ownership interest. 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 eleven (11) months after its date of issuance.

Section 6. Classes. The Association shall have two classes of voting membership:

Class A Members shall be all Owners except the Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned, whether improved or not. When more than one Person holds an interest in any Lot, all such Persons shall be Members. The vote for such Lot shall be exercised as the joint owners may decide among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot.

The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each Lot owned by it. The Class B class of membership shall cease and be converted to Class A membership upon the occurrence of the earlier of the following events: (i) the number of votes of the Class A Members is greater than or equal to the number of votes of the Class B Member, or (ii) the seventh (7th) anniversary of the date on which this Declaration is recorded.

Transfer of Membership. The membership in the Association of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be transferred in any way except upon the transfer of title to the Lot and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner.

Section 7. Parliamentary Rules. Robert's Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Washington law, the Articles of Incorporation, the Declaration or these Bylaws.

ARTICLE IV

Board of Directors; Selection; Term of Office

Section 1. Number of Directors. A Board of Directors manages the affairs of the Association. The Board shall consist of one (1) Director, and that Director shall be appointed by Declarant. During the Declarant Control Period, as defined in Section 1.5.10 of the Declaration of which these Bylaws form a part, Declarant shall appoint the Association's single Director. Within a reasonable amount of time after the expiration of the Declarant Control Period, Declarant's representative shall resign, the Board shall be expanded to three (3) Directors and the Association shall duly elect the successors to each Board seat, pursuant to the provisions in Subsections 3.9.1 and 3.9.2 of the Declaration.

Section 2. Compensation. No Director may receive compensation for any service rendered to the Association.

Section 3. Term of Office. The members of the first Board of Directors elected entirely by the Owners will serve terms of three (3) years. By Amendment to these Bylaws, the Association may stagger the terms of the Board of Directors.

Section 4. Removal. Any Director may be removed, with or without cause, upon the affirmative vote of a majority of the Members entitled to vote in the Association present, in person or by proxy, at a properly called meeting at which a quorum is present.

Section 5. Vacancies. Vacancies on the Board caused by reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so selected shall be a Director until a successor is elected at the next annual meeting of the Association to serve the balance of the unexpired term.

ARTICLE V

Standard of Care for Directors

Section 1. Standard. A Director performs the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a

manner such as the Director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

In performing the duties of a Director, a Director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) One or more officers or employees of the Association whom the Director believes to be reliable and competent in the matter presented;

(b) Counsel, public accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or,

(c) A committee of the Board upon which the Director does not serve, duly designated in accordance with a provision in the Articles of Incorporation or Bylaws, as to matters within its designated authority, which committee the Director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

This section does apply where the consequences of an act, omission, error, or negligence are covered by the insurance obtained by the Board.

Section 2. Amendment. If the statutory standard of care is, at any time, different than the standard of care set forth in these Bylaws, the Bylaws are deemed amended so that the standard of care is that standard set forth statutorily for nonprofit corporations in the state of Washington.

ARTICLE VI Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors will be held no less than one (1) time a year at such place and hour as may be fixed by the Board of Directors. Notice will be given annually to the Directors of next year's meetings times.

Section 2. Special Meetings. Special meetings of the Board of Directors will be held when called by the President of the Association, or by any Director, after not less than three (3) days notice to each Director. The meeting will be held at the same place as the regular meetings, unless unavailable, in which event the president will designate the place of the special meeting.

Section 3. Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if a majority of the Board of Directors are present at the beginning of the meeting. Directors present through use of telephone are deemed present for purposes of a quorum and may vote by telephone. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

Section 4. Open Meetings. Except as provided in this subsection, all meetings of the Board of Directors are open for observation by all Members of record and their authorized agents. The Board of Directors will keep minutes of all actions taken by the Board, which shall be available to all Members. Upon the affirmative vote in an 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 a Member to the Association. The motion will state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session are to be included in the minutes. The Board of Directors will 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 do not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

Section 5. Action Without Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 6. Waiver of Notice. Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

Section 7. Parliamentary Rules. Robert's Rules of Order (current edition) shall govern the conduct of all Board proceedings, when not in conflict with Washington law, the Articles of Incorporation, the Declaration or these Bylaws.

ARTICLE VII

Powers and Duties of Board of Directors

Section 1. Powers. The Board of Directors has the power to do the following:

(a) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the Members of the Association by other provisions of these Bylaws, the Articles of Incorporation, the Declaration or as set forth in Ch. 64.38 RCW, as currently enacted or hereafter amended;

(b) As necessary to pursue the Association responsibilities, employ an independent contractor, or such other employees as the Board deems necessary, and to prescribe their duties; and,

(c) Enforce all covenants, restrictions, and conditions of the Declaration as amended (this

power does not in any way reduce the power of any Owner to enforce such covenant, nor does it require enforcement unless the Board of Directors deems such enforcement necessary).

The Board may not act on behalf of the Association to:

(a) Amend the Declaration in any manner that requires the vote or approval of the Members;

(b) Amend the Articles of Incorporation;

(c) Take any action that requires the vote or approval of the Members;

(d) Terminate the Association; or,

(e) Elect members of the Board of Directors or determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors; provided, however, that the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

Section 2. Duties. It is the duty of the Board of Directors to:

(a) Keep a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any one of the Members who are entitled to vote;

(b) Supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration, to do as follows:

(i) Fix the annual budget at least forty-five (45) days in advance of each fiscal year;

(ii) Send written notice of, and call a meeting of the Members to ratify the budget, not less than fourteen (14) nor more than sixty (60) days in advance of the meeting;

(iii) File a lien in the public records if an Assessment is not paid within sixty (60) days of the date it is due; and,

(iv) When deemed necessary, may foreclose on the lien no sooner than sixty (60) days nor later than ten (10) years from date the lien of the unpaid Assessment is filed in the public records;

(d) Issue, or to cause an appropriate officer to issue, on demand by any person, a certificate signed by the treasurer setting forth whether or not any Assessment has been paid. The Board may make a reasonable charge for the issuance of such certificate. Such certificate shall be conclusive evidence of such payment or nonpayment of any Assessment;

(e) Enforce covenants as provided in the Declaration when deemed necessary by a vote of a majority of the Directors (this power of enforcement is in addition to the powers of the enforcement of any individual Member);

(f) In the event of Common Areas, procure and maintain adequate liability and hazard insurance on property owned by the Association. If available at a reasonable cost, maintain earthquake insurance on all Common Areas that could be damaged in the event of an earthquake. Procure and maintain adequate liability insurance for the Directors of the Board of Directors;

(g) Maintain all Common Areas and fulfill all other obligations as set forth in Article VII of the Declaration, specifically, and contained elsewhere in the Declaration, generally; and,

(h) Perform any and all other functions that are necessary for the maintenance and continuance of the Association.

Section 3. Borrowing. The Board of Directors shall have the power to borrow money without the approval of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, or the total amount of such borrowing exceeds or would exceed Five Thousand Dollars (\$5,000.00) outstanding debt at any one time.

Section 4. Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Notice. Written notice shall be served upon the violator, specifying:

(i) the nature of the violation and the fine imposed;

(ii) that the violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine imposed;

(iii) the name, address and telephone numbers of a person to contact to challenge the fine;

(iv) that any statements, evidence, and witnesses may be procured by the violator at the hearing; and

(v) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

ARTICLE VIII Officers and Their Duties

Section 1. Enumeration of Officers. The officers of this Association are a president, vice president, secretary, and treasurer, who at all times are members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association are elected annually by the Board and each holds office for one (1) year, or until that officer's successor is elected, unless the officer sooner resigns, or is removed, or otherwise is disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association require, each of whom holds office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation is not necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy serves for the remainder of the term of the officer who is replaced.

Section 7. Multiple Offices. Any two or more offices may be held by the same person, including the offices of Secretary and Treasurer.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president presides at all meetings of the Board of Directors; sees that orders and resolutions of the Board are carried out; signs all written instruments, and co-signs all checks and promissory notes of the Association.

(b) Vice President. The vice president acts in the place and stead of the president in the event of absence, inability, or refusal to act, and exercises and discharges such other duties as may be required by the Board.

(c) Secretary. The secretary records the votes and keeps the minutes of all meetings and proceedings of the Board and of the Members; serves notice of meetings of the Board and of the Members; keeps appropriate current records listing the Members of the Association together with their addresses; prepares, executes, certifies and records amendments to the Declaration on behalf of the Association and performs such other duties required by the Board.

(d) Treasurer. The treasurer receives and deposits in appropriate bank accounts all monies of the Association and disburses such funds as directed by resolution of the Board of Directors; co-signs all checks and promissory notes of the Association; keeps proper books of accounts; causes an annual audit of the Association books to be made by a certified public accountant whenever the Annual Assessment exceeds \$50,000, unless waived by sixty-seven percent (67%) of the Members; and prepares an annual budget and a statement of income and expenditures as set forth above. The desired time for preparation is before the regular annual meeting so that the

budget and statement can be presented to the Members at its regular annual meeting.

ARTICLE IX

Committees

The Board of Directors may appoint such committees, as it deems appropriate in carrying out its purpose.

ARTICLE X

Books and Records

The books, records, and papers of the Association are at all times, during normal business hours as determined by the Board, subject to inspection by any Member, holder of a mortgage on a Lot, and their respective agents on reasonable advance notice. The Declaration, the Articles of Incorporation, the Bylaws and the Budget of the Association are available for inspection by any Member at the office of the Secretary of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

Amendments

Section 1. Bylaws. These Bylaws may be amended only with the written approval of a majority of the Directors. Any amendment will be signed by the approving Directors and copies delivered to all Members within thirty (30) days of adoption.

Section 2. Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

ARTICLE XII

Indemnification of Directors and Officers

Section 1. Right of Indemnification. The Association indemnifies its Directors and Officers against all liability, damage, or expense resulting from the fact that such person is or was a Director or Officer, to the maximum extent and under all circumstances permitted by law.

Section 2. Effect on Other Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article is not exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of shareholders, or disinterested Directors or otherwise.

Section 3. Insurance. The Association may maintain insurance, at its expense, to protect itself and any Director, officer, employee, or agent of the Association against any expense, liability, or loss, whether or not the Association would have the power to indemnify such person against such expense, liability, or loss under the Washington Nonprofit Corporation Act. The Association may enter into contracts with any Director or officer of the Association in furtherance of the

provisions of this Article and may create a trust fund, grant a security interest, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

Section 4. Advance Payment. The Association may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Association with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the Association or pursuant to rights granted pursuant to, or provided by, the Washington Nonprofit Corporation Act or otherwise.

ARTICLE XI Indemnification

Section 1. Right to Indemnification. The Association shall indemnify and hold harmless any Director or officer of the Association who is a party to a proceeding in which he or she is sued or is threatened to be sued, if the proceeding is brought by or on behalf of the Association, or if the proceeding is brought by or on behalf of a third party and the Director or officer was not at the time of the proceeding a party to the proceeding.

Section 2. Scope of Indemnification. The Association shall indemnify and hold harmless any Director or officer of the Association who is a party to a proceeding in which he or she is sued or is threatened to be sued, if the proceeding is brought by or on behalf of the Association, or if the proceeding is brought by or on behalf of a third party and the Director or officer was not at the time of the proceeding a party to the proceeding.

ARTICLE XII Indemnification of Directors and Officers

Section 1. Right to Indemnification. The Association shall indemnify and hold harmless any Director or officer of the Association who is a party to a proceeding in which he or she is sued or is threatened to be sued, if the proceeding is brought by or on behalf of the Association, or if the proceeding is brought by or on behalf of a third party and the Director or officer was not at the time of the proceeding a party to the proceeding.

Section 2. Scope of Indemnification. The Association shall indemnify and hold harmless any Director or officer of the Association who is a party to a proceeding in which he or she is sued or is threatened to be sued, if the proceeding is brought by or on behalf of the Association, or if the proceeding is brought by or on behalf of a third party and the Director or officer was not at the time of the proceeding a party to the proceeding.

Section 3. Limitation on Indemnification. The Association shall not indemnify or hold harmless any Director or officer of the Association who is a party to a proceeding in which he or she is sued or is threatened to be sued, if the proceeding is brought by or on behalf of the Association, or if the proceeding is brought by or on behalf of a third party and the Director or officer was not at the time of the proceeding a party to the proceeding.

ARTICLE XIII
Transactions Involving Directors

Section 1. Transactions. No contracts or other transactions between this Association and any other corporation, and no act of this Association is in any way affected or invalidated by the fact that any Director of this Association is pecuniarily or otherwise interested in, or is a trustee, director, or officer of, such other corporation.

Section 2. Disclosure. Any Director, individually, or any firm of which any Director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contracts or transactions of the Association; provided, that the fact that such Director or such firm so interested is disclosed to or is known by the Board of Directors or a majority thereof.

ARTICLE XIV
Attorney Fees

Should any dispute arise regarding the terms of these Bylaws, the Declaration, the Articles of Incorporation, or the rules and regulations of the Association, the prevailing party may recover reasonable attorney fees and costs, including those for appeals.

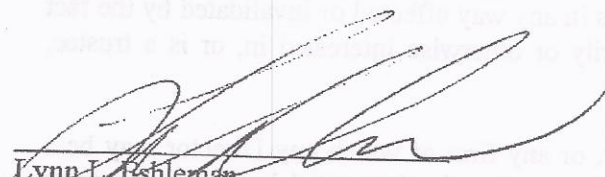
ARTICLE XV
Venue

Venue, for purposes of these Bylaws, is Snohomish County, Washington.

ARTICLE XVI
Fiscal Year

The fiscal year of the Association is a calendar year, unless determined otherwise by the Board of Directors.

IN WITNESS WHEREOF, I, being the sole Director of Pacific Meadows, Snohomish Homeowners Association have hereunto set our hands on the date(s) indicated below.
DIRECTOR:


Lynn L. Eshleman

6/25/07
Date