

**AMENDED AND RESTATED BYLAWS  
OF  
PINEHURST – HIGHFIELD  
HOMEOWNERS ASSOCIATION**

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**BYLAWS OF  
PINEHURST – HIGHFIELD HOMEOWNERS ASSOCIATION**

1. IDENTIFICATION OF THE COMMUNITY AND THE ASSOCIATION.

The name of the Community is: Forest Hill. The name of the Association is: Pinehurst – Highfield Homeowners Association, which will hereinafter be referred to as the "Association."

2. DEFINITIONS.

All terms used in these Bylaws shall have the same meanings ascribed to them in the Washington Homeowners' Association Act, Chapter 64.38 RCW ("the Act"), and/or in the recorded Covenants for the Community (hereinafter "the Covenants") recorded in the office of the Auditor of the County in which the Community is located, and/or the Articles of Incorporation for the Association. The term "Ballot" means a record or electronic transmission designed to cast or register a vote or consent in a form provided by the Association. The term "Cumulative Voting", as used herein, shall mean a system of voting for Directors under which an Owner, who is entitled to cast one vote for each Director's position up for election, is permitted to cast all such votes for a single Director, or to distribute all the possible votes among fewer than all the positions open for election; cumulative voting is not permitted under these Bylaws. The term "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

3. PURPOSE OF AMENDMENT; APPLICABILITY OF BYLAWS.

This document is intended to entirely replace the existing Bylaws for the Association dated July 1, 1995. It has been amended in compliance with the provisions of Article X, Section 1 of those existing Bylaws. These Amended and Restated Bylaws are promulgated to provide for the self-government of the Community and to promote the safety, health, well-being and enjoyment of its members. The administration and management of the Community and the actions of the Owners, the Association and its Board of Directors and Officers shall be governed by these Bylaws. All present and future Owners and their family members, tenants, licensees, invitees, servants, agents, employees and any other persons who are permitted to use the Common Areas of the Community or benefit from services supplied by the Association shall be subject to these Bylaws and to any Rules and Regulations promulgated by the Board. Acquisition, rental or occupancy of a Lot shall be deemed conclusive evidence of the Owner's, tenant's or other Occupant's acceptance and ratification of, and agreement to comply with, the Governing Documents now in existence or hereafter adopted.

4. OWNERS ASSOCIATION.

4.1. Form of Association.

The Association has been formed as a non-profit corporation under the laws of the State of Washington under the provisions of RCW Chap. 24.03 (the "Corporation Act"). The rights and

duties of the members of said corporation shall be governed by the provision of the Act and of the Covenants. The Association shall remain organized as a nonprofit corporation.

4.2. Law Governing Association.

The Community is currently governed by the Washington Homeowners Association Act, chapter 64.38, RCW and may become subject to the provisions of a successor statute. The rights and duties of the Members in relation to the Association shall also be governed by the provisions of the Covenants, as amended, and the Corporation Act. In case of any conflict between any of the foregoing, the Homeowners Association Act or any successor statute (in either case, the "Governing Law") shall control, and with respect to any conflicts between the Covenants and the Bylaws, the Covenants shall control.

4.3. Registered Office and Registered Agent.

The Registered Office of the Association 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 with the Secretary of State and elsewhere as may be required by the Corporation Act. The Registered Agent shall have a business office identical with the Registered Office.

4.4. Powers of Association.

Subject to the provisions of the Covenants, the Association may, through its Board of Directors:

(a) Adopt, amend and repeal Rules and Regulations for the Association subject to the provisions of Section 5.12 hereof and, subject to the provisions of Section 10 hereof, adopt and amend Bylaws for the Association;

(b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners, in the manner provided in Section 10.1 of the Declaration of Covenants;

(c) Hire and discharge or contract with managers and other employees, agents, and independent contractors;

(d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Community or the Association, but not on behalf of Owners involved in disputes that are not the responsibility of the Association;

(e) Make contracts and incur liabilities;

(f) Regulate the use, maintenance, repair, replacement, and modification of Common Areas;

(g) Cause additional improvements to be made as a part of the Common Areas;

(h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but Common Areas may be conveyed or subjected to a security interest only at a duly constituted Meeting of the Association if at least eighty percent (80%) of the votes in the Association, in person or by proxy, are cast for such action, or without any meeting if all Owners have been duly notified and Owners holding at least eighty percent (80%) of the votes in the Association consent in a Record to such action.

(i) Grant easements, licenses, and concessions through or over the Common Areas and petition for or consent to the vacation of streets and alleys;

(j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Areas and for services provided to Owners;

(k) Prepare a reserve study as may be required by law.

(l) Impose and collect charges for late payment of Assessments and, after notice and an opportunity to be heard by the Board of Directors or by such representative designated by the Board of Directors and in accordance with such procedures as provided in the Governing Documents, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board of Directors and furnished to the Owners for violations of the Governing Documents;

(m) Exercise any other powers conferred by the Covenants or Bylaws;

(n) Exercise all other powers that may be exercised in this State by the same type of corporation as the Association; and

(o) Exercise any other powers necessary and proper for the governance and operation of the Association.

#### 4.5. Membership.

4.5.1. Basic Provisions. Each fee Owner or real estate contract vendee of a Lot in the Community shall be a Member of the Association. Ownership of a Lot shall be the sole qualification for membership in the Association, and the membership of the Association at all times shall consist exclusively of all the Owners. The ownership of an interest in a Lot solely as security for the performance of an obligation does not entitle the owner of such interest to membership in the Association. The term "Owner", as used in the remainder of these Bylaws, shall be deemed the equivalent of the term "Member", as used in the Corporation Law, unless the context otherwise clearly requires.

4.5.2. Member in Good Standing. A Member shall be considered a "Member in Good Standing" when such Member has paid all required dues, charges and assessments owing by such Member, and is not subject to unpaid fines or unsatisfied sanctions following a hearing convened under Section 7.10 hereof.



4.5.3. Rights and Privileges of Membership. Members in Good Standing shall have the right to run for and hold positions as Directors or Officers of the Association. Members in Good Standing, their immediate family members, well-behaved guests and lawful tenants of Owners shall also have the privilege of using any special services and/or facilities provided by the Association for use by its Members, above and beyond basic rights of ingress, egress and support which are not dependent upon Good Standing status. Such rights and privileges are subject to payment of all dues, charges or assessments as may be lawfully imposed by the Board of Directors from time to time, and are further subject to remaining in compliance with all other provisions of the Governing Documents. A Member who fails to pay all required dues, charges or assessments, or who is found to have violated other provisions of the Governing Documents in a proceeding conducted under Section 7.10 hereof, shall cease to be a Member in Good Standing and may lose any or all of the foregoing rights and privileges of membership until such time as the Member shall make all required payments and/or satisfy any conditions required of the Member in such proceeding.

4.6. Transfer of Membership.

The Association membership of each Owner shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to such 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 appurtenant thereto to the new Owner thereof.

4.7. Meetings.

4.7.1. Place of Meetings. Meetings of the Association shall be held at such place within the County within which the Community is situated as may be designated by the Board of Directors and stated in the Notice of the Meeting.

4.7.2. Annual Meetings. There shall be an Annual Meeting of the Association held in January of each year prior to the beginning of the fiscal year on February 1<sup>st</sup>. The Annual Meeting of the Association shall be held for the election of Directors and the conduct of such other business as may be properly brought before the Meeting. At the Annual Meeting, there shall be presented a report containing the following information:

(a) A balance sheet and a revenue and expense statement of the Association prepared on an accrual basis, which shall be current to sixty days - the balance sheet should show the condition of the Association's reserve account;

(b) The annual financial statement of the Association, including the audit report required by Section 8.5 hereof, if it has been prepared, for the year immediately preceding the current year; and



(c) A statement of any unsatisfied judgments against the Association and the status of any pending suits to which the Association is a party.

4.7.3. Special Meetings. Special Meetings of the Association may be called at any time for the purpose of considering matters which by the terms of the Governing Law or Governing Documents require the approval of all or some of the Owners, or for any other reasonable purpose. Such Meetings shall be called by written Notice of the Secretary of the Association upon the decision of the President, or after request signed by a majority of the Board, or by written request of Owners holding at least 20% of the votes in the Association. Only matters described in the Notice of a Special Meeting may be considered at such a Meeting, and the order of business at a Special Meeting shall generally conform to the order specified in the Notice of such Meeting.

4.7.4. Notices of Meetings. Except as provided in Sections 4.7.5, the Notice of any Meeting of the Association shall be provided by the Secretary to all Owners not less than fourteen (14) nor more than sixty (60) days in advance of the Meeting.

4.7.5. Notices of Meetings Involving Amendments to Covenants or Bylaws. In the event that an Agenda item at any Meeting involves a proposal to amend the Declaration of Covenants or the Association's Bylaws, the Notice shall be given not less than twenty-five (25) days in advance of the Meeting, and the Notice shall [a] include a copy of the text of the Amendment, and [b] be delivered to any Eligible Mortgagee or Eligible Insurer.

4.7.6. Manner and Content of Notice. The Notice of any Meeting of the Association shall be either hand-delivered or sent prepaid by first class United States mail to the mailing address of each Lot or to any other mailing address designated in a Record by the Owner, or by Electronic transmission as provided in Section 4.7.7 hereof. The Notice of any Meeting shall state the date, time and place of the Meeting, and the items on the Agenda to be voted on by the Members, including without limitation, if appropriate, a list of the candidates seeking to be elected as Directors of the Association, all information required to be delivered to Owners in conjunction with the development of the Association's Annual Budget or a proposed amendment thereto that would result in a change of assessment obligations, the nature of any proposed amendment to the Declaration or Bylaws, and any proposal to remove a Director.

4.7.7. Electronic Notice Permitted - Limitations. With the advance written consent of any Owner, Notice may also be provided electronically, to an e-mail or other electronic address specified by the Owner and delivered to the Secretary for such purposes. An Owner who has consented to receipt of electronically transmitted Notices may revoke such consent at any time by delivering a written record of the revocation to the Secretary. Consent is deemed revoked if the Secretary is unable to electronically transmit two consecutive Notices given in accordance with the consent.

4.7.8. Minutes to be Made Available to Owners. The Association must make available to each Owner for examination and copying the Minutes from the previous Association Meeting not more than sixty days after the meeting. Minutes of the previous Association meeting

must be approved at the next Association meeting in accordance with the Association's Governing Documents.

4.7.9. Waiver of Notice. Whenever any Notice to an Owner is required to be given by the Association, a Waiver thereof in a Record signed by the Owner, whether made before or given after the time stated therein, shall be equivalent to the giving of such Notice.

4.8. Voting.

4.8.1. Voting Rights. Each Owner has a right to vote at Meetings of the Association for the election of Directors and with respect to such other matters that are not within the powers of the Board of Directors as may lawfully come before the Meeting. Each Owner shall be entitled to one vote for each Lot owned by such Owner on each matter submitted to a vote of the Owners. In the event that a Lot is owned by the Association, the votes allocated to such Lot must be cast in the same proportions as the votes cast on the matter by Lot Owners other than the Association. Cumulative voting shall not be permitted.

4.8.2. Joint Owner Disputes. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. Since a Lot may be owned by a corporation, partnership, marital community, limited liability company, trust or other legal entity involving or comprising multiple persons, any director, officer, partner in, or trustee of any such entity may be deemed the Owner thereof to cast the vote for such Lot. Where a Lot is owned by more than one person, if only one of such persons is present at a Meeting of the Association, in person, by proxy or Ballot, such person is entitled to cast all the votes allocated to that Lot. If more than one of the multiple persons comprising an Owner are present, such Owner's vote may be cast only in accordance with the agreement of a majority in interest of such multiple persons. There is majority agreement if any one of the multiple persons casts a vote for such Owner without protest being made promptly to the person presiding over the Meeting by any of the other persons comprising the Owner. In the absence of majority agreement, the conflicting votes shall be deemed an abstention of the vote for such Lot.

4.8.3. Proxies and Voting by Ballot – Electronic Voting Permitted. Votes allocated to a Lot may be cast by a Ballot or pursuant to a proxy duly executed by the Owner. An 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 eleven months after its date of issuance. A Ballot shall not be valid unless it is signed by the Owner and received by the Association on or before the date and time of the Meeting at which it is to be counted, as directed in the Notice of the Meeting. A Ballot, when used at any Meeting of the Association, may be deemed the equivalent of a directed proxy, irrespective of its form; a Ballot may designate an individual either by name or by general description (e.g., "any Officer of the Association") and therein instruct such person how to vote on the matters to be decided at the Meeting for which the Ballot is prepared. Alternatively, a Ballot may consist of any form prepared by the Board, in written or electronic form, designed to obtain votes on matters constituting the business of the Meeting. A proxy or Ballot may be delivered by electronic transmission in

accordance with procedures previously approved by resolution of the Board in compliance with the provisions of RCW 24.0.3.085(3).

4.8.4. Voting Procedure. Unless otherwise required under the Governing Documents or by law, the vote of Owners holding a majority of the votes actually cast for any ~~candidate or other item of business at any Meeting of the Association~~ (a "plurality vote") shall be sufficient to decide any such election or other item of business at that Meeting. In the event that the Board desires to prepare a Ballot for use at a Meeting, copies thereof may be served with the Notices of such Meeting, or may be distributed at the Meeting, at the option of the Board.

4.8.5. Quorums. A quorum is present throughout any Meeting of the Association if the Owners of Lots to which at least twenty (20%) percent of the votes in the Association are allocated are present in person, or by proxy or Ballot at the beginning of the Meeting.

4.8.6. Order of Business. The order of business at an Annual Meeting of the Association shall be as follows: (i) proof of Notice of the Meeting; (ii) determination of the presence of a quorum; (iii) approval of the Agenda for the Meeting; (iv) approval of minutes of the previous Meeting of the Association; (v) appointment of inspectors of election if applicable; (vi) election of Directors, if applicable; (vii) reports of the Board of Directors, Officers and committees; (viii) unfinished business, if any; and (ix) new business, if any. Items (iv), (viii) and (ix) shall be omitted from the order of business of a Special Meeting held for the sole purpose of electing a Director. Only matters described in the Notice of a Special Meeting may be considered at such a Meeting, and the order of business at a Special Meeting shall generally conform to the order specified in the Notice of such Meeting.

4.8.7. Conduct of Meeting. The President shall preside at Meetings of the Association and the Secretary shall keep the minutes of Meetings, for inclusion in the Association's permanent Minute Book. Until changed by resolution of the Board of Directors, Roberts Rules of Order, latest edition, shall govern the conduct of all Meetings of the Association when not in conflict with the Governing Law, the Declaration or these Bylaws.

4.8.8. Additional Procedures for Voting & Obtaining the Consent of Owners. The Board may by resolution adopt additional procedures, not inconsistent herewith, to assist the Board in maintaining the integrity of the voting process at Meetings of the Association. If deemed useful, the Board may also use Ballots in order to obtain the consent or agreement of Owners to proposals to amend the Governing Documents or to the taking of other actions by the Association, without a Meeting of the Association.

4.9. Action by Members without a Meeting.

Any action required or permitted to be taken may be taken without a Meeting if all of the Members of the Association consent in writing to such action. Such written consent or consents may be in the form of Ballots, and shall be filed with the minutes of the proceedings of the Association.



## 5. BOARD OF DIRECTORS.

### 5.1. Number, Qualifications, Terms of Office.

5.1.1. Number of Directors. The number of Directors on the Board shall be five (5), but such number may thereafter be increased or decreased as provided in these Bylaws, provided that the Board shall never consist of fewer than three (3) members. Newly elected Board members shall take office upon adjournment of the Meeting at which they were elected. Promptly following such election, the Board shall elect or appoint the Officers of the Association described in Article 6 hereof.

5.1.2. Qualifications. At least a majority of the members of the Board of Directors must be Owners who remain Members in Good Standing. The term "Owner" in such context shall be deemed to include any director, officer, partner in, or trustee of any entity which is, either alone or in conjunction with another person or entity, an Owner. Any Officer or Director of the Association who would not be eligible to serve as such if (s)he were not a director, officer, partner in, or trustee of such an entity shall be disqualified from continuing in office if (s)he ceases to have any such affiliation with that entity.

5.1.3. Term. A Director shall serve for a term of two years, and until his or her successor is elected. To provide continuity of management, the terms of the Directors shall be staggered under the following procedures: Directors occupying even-numbered positions (2 & 4) shall be elected in even-numbered years. Directors occupying odd-numbered positions (1, 3 & 5) shall be elected in odd-numbered years.

### 5.2. Meetings.

5.2.1. Annual Meeting. An annual organizational Meeting of the Board of Directors shall be held within 10 days after each Annual Meeting of the Association. No Notice shall be necessary to the newly elected Directors in order legally to constitute such Meeting, providing a majority of the entire Board is present at the Meeting.

5.2.2. Regular Meetings. Regular Meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by the Board of Directors, but at least one Meeting shall be held in each quarter of each fiscal year.

5.2.3. Special Meetings. Special Meetings of the Board of Directors may be called by the President and shall be called by the President or Secretary on the written request of at least two Directors. Unless all sitting Directors are present at a Special Meeting, no business other than that stated as the purpose for such Special Meeting may be conducted at a Special Meeting.

5.2.4. Notice and Waiver of Notice. Notice of Regular or Special Meetings of the Board of Directors shall be given to each Director, by mail, receipted e-mail or digital equivalent, receipted telefacsimile or hand-delivery at least 72 hours prior to the time of the Meeting, and shall state the date and place and hour of the Meeting. Notice of Regular Meetings



may also be given by providing each Board member with a written schedule of Regular Meetings adopted for the ensuing year at any time after the Annual Meeting and at least seven days prior to the next succeeding Regular Meeting. Notice of a Special Meeting shall state the purpose[s] of the Meeting. Notice of a Meeting of the Board of Directors may be waived in a Record by a Director either before or after the Meeting. Attendance at a Meeting constitutes waiver of Notice of that Meeting, except where a Director attends a Meeting for the express purpose of objecting to the transaction of business because the Meeting is not lawfully called or convened. In a *bona fide* emergency, and if all of the Board members are present and so consent, no Notice shall be required and matters relating to the subject of the emergency may be considered at the Meeting. If the Governing Law so requires, Notice of all Board Meetings shall be provided to all Unit Owners at the same time, and in the same fashion, that Notices of Board Meetings are provided to Board Members.

5.2.5. Quorum, Participation and Voting. A quorum is deemed present throughout any Meeting of the Board of Directors if persons entitled to cast at least a majority of the votes on the Board of Directors are present at the beginning of the Meeting. Any one or more Directors may participate in a Meeting thereof by means of a conference telephone or similar communication equipment, allowing all persons participating in the Meeting to hear each other at the same time. Each Director shall have one vote, which must be cast in person; proxy voting is not permitted. The votes of a majority of the Board members present at a Meeting at which a quorum is present shall constitute the decision or act of the Board of Directors. If less than a quorum is present at a Meeting, the majority of those present may recess the Meeting to a designated time and place. A recessed Meeting may be held as designated upon such further Notice as may be necessary to assure attendance and to satisfy the "open meetings" requirements of Section 5.3.7 hereof; when a quorum is present any business may be transacted which might have been transacted at the Meeting as originally called.

5.2.6. Conduct of Meeting. The President shall preside at Meetings of the Board of Directors and the Secretary shall keep the minutes of the proceedings. Following proof of Notice and determination of the presence of a quorum, any lawful business may be transacted.

5.2.7. Open Meetings. Except as hereinafter provided, all Meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents. Upon the affirmative vote in open session to assemble in closed session, the Board may convene in closed executive session to consider personnel matters, to consult with legal counsel or consider communications with legal counsel, to consider proposed contracts with one or more vendors, or to discuss likely or pending litigation, matters involving possible violations of the Governing Documents, or 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 shall restrict its consideration of matters during the closed portions of the Meeting to only 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, following the closed session, reconvenes in open session, reasonably identifies the motion or other action considered in executive session, and votes again in the open session on such motion or other action. The

requirements of this Section shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

5.2.8. Action by Directors without a Meeting. In a *bona fide* emergency, or to accomplish purely ministerial objectives, or as may be otherwise permitted by law, any action required or permitted to be taken may be taken without a Meeting if all of the members of the Board of Directors unanimously consent to such action and such consent is evidenced in a Record either prior to or subsequent to the taking of such action. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board of Directors.

5.3. Removal of Directors.

The Owners, by majority vote of the voting power in the Association present and entitled to vote at any duly constituted Meeting of the Association at which a quorum is present, may remove any member of the Board of Directors with or without cause, provided that proper advance notice of such action has been provided to all the Owners under Section 4.7.6 hereof.

5.4. Vacancies.

A vacancy on the Board of Directors caused by any reason, other than removal of a Director by a vote of the Association, shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so selected shall serve until the next Annual Meeting of the Association, or the unexpired portion of the term, whichever is later. A vacancy occurring on the Board of Directors by reason of an increase in the number of Directors constituting the entire Board of Directors or by reason of the removal of a Director by a vote of the Association shall be filled by the Association at an Annual Meeting or at a Special Meeting called for that purpose.

5.5. Compensation.

A Director shall not receive compensation from the Association for serving on the Board of Directors, but a Director may be reimbursed for reasonable out-of-pocket expenses incurred by him or her in the proper performance of his or her duties.

5.6. Annual Report of the Board of Directors.

The Board of Directors shall present at each Annual Meeting of the Association a statement of the operative and financial condition of the Association, containing at minimum the information required in Section 4.7.2 of these Bylaws.

5.7. Directors' & Officers' Liability and Fidelity Insurance.

5.7.1. Directors' and Officers' Liability Insurance. The Board of Directors should obtain Directors' and Officers' errors and omissions insurance to underwrite the Association's indemnification responsibilities under Sections 5.11 and 6.9 hereof.

5.7.2. Fidelity Insurance. The Board should also obtain fidelity insurance for any Director, Officer, Managing Agent, trustee, volunteer, agent, or employee of the Association handling or responsible for Association funds, whether or not that person receives compensation for such services. The policy shall name the Association as the named insured and must include a provision that calls for not less than 30 days' written notice to the Association before the policy can be canceled or substantially modified for any reason. The policy shall name the Association as the first named insured and must include a provision that calls for at least 30 days' written notice to the Association and all Eligible Mortgagees before the policy can be canceled or substantially modified for any reason. The policy should cover the maximum funds that will be in the custody of the Association or its Manager at any time while the policy is in force. A Manager that handles funds for the Association shall be named either as an employee or as a designated agent under the Association's fidelity policy, or an endorsement thereto, as appropriate.

5.8. Duty of Care.

A Director shall perform the duties of a Director, including duties as a member of any Committee of the Board upon which the Director may serve, in good faith, in a manner such 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 shall be 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 reasonably believes to be reliable and competent in the matter presented; (b) legal counsel, public accountants, or other persons as to matters which the Director reasonably 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 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 therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

5.9. Duty of Loyalty - Conflict of Interest.

The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in these Bylaws. No contract or other transaction between the Association and any Director, or between the Association and any corporation, firm entity or association in which the Director is an officer or director or is pecuniarily or otherwise interested, shall be either void or voidable because such Director is present at the Meeting of the Board of Directors which authorizes or approves the contract or transaction, if the fact of the common directorate or other interest is disclosed or known to the Board of Directors or a majority thereof and noted in the minutes, and the Board of Directors authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose. Directors who have a financial interest or other personal interest in the transaction may be counted in determining the presence of a quorum at any Meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, but such Directors must abstain from voting. If disclosures and decisions are not made as required by this



subsection, the contract or transaction may be voidable at the instance of the Association, and affected Director may not be insulated from liability for any harm suffered by the Association as a result of entering into the contract or transaction.

5.10. Right to Indemnification.

The Association shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Association or the Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents. Directors and Officers shall not be personally liable for contracts made by them on behalf of the Association. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Association against amounts paid in settlement incurred by him or her in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Association, to the fullest extent authorized by RCW 23B.08.320, and 23B.08.500 through 23B.08.600, and any amendments thereto, irrespective of the fact that the Association is not incorporated under RCW 23B.

5.11. Participation by Lot Owners in Development of Rules and Regulations.

Before adopting, amending or repealing any rule, the Board shall provide all Lot Owners [1] Notice of its intention to adopt, amend, or repeal a rule, providing the text of the rule or the proposed change; and [2] a date on which the Board will act on the proposed rule or amendment after considering comments from Lot Owners. Following adoption, amendment, or repeal of a rule, the Board must give Notice to the Lot Owners of its action, providing with said Notice a copy of any new or revised rule.

5.12. Committees of the Board.

The Board of Directors may by resolution establish and appoint the members of one or more Committees intended to obtain information for and provide advice to the Board, but not to exercise any of the powers of the Board, with respect to such matters as from time to time may be deemed useful by the Board. The members of any such Committee may be Board members, Owners, or other persons whose participation is deemed useful by the Board, in its discretion. PROVIDED, that no such committee shall have the authority of the Board of Directors in reference to:

- (1) Amending, altering, or repealing the Bylaws;
- (2) Electing, appointing, or removing any member of any such Committee or any Director or Officer of the Association;
- (3) Amending the articles of incorporation;



(4) Adopting a plan of merger or a plan of consolidation with another corporation;

(5) Authorizing the sale, lease, exchange, or mortgage, of all or substantially all of the property and assets of the Association;

(6) Authorizing the voluntary dissolution of the Association or revoking proceedings therefor; or

(7) Amending, altering, or repealing any resolution of the board of directors which by its terms provides that it shall not be amended, altered, or repealed by such committee.

6. OFFICERS.

6.1. Principal Officers.

The principal Officers of the Association are a President, a Vice President, a Secretary and a Treasurer. All the principal Officers of the Association must be members of the Board of Directors. Two or more offices may be held by the same person, except the offices of President and Secretary. The Board of Directors may, in its discretion, also elect or appoint such other Officers and assistant Officers as may be deemed necessary. Officers are charged, in general, with responsibility for implementing policy decisions adopted by the Board of Directors.

6.2. Appointment of Officers.

The Officers of the Association shall be appointed annually by the Board of Directors at its annual organizational Meeting.

6.3. Removal of Officers; Vacancies.

An Officer may be removed by the Board of Directors with or without cause by the affirmative vote of a majority of the entire Board of Directors. A successor may be elected at any Regular Meeting of the Board of Directors or at any Special Meeting called for that purpose.

6.4. President.

The President is the chief executive Officer of the Association; (s)he shall preside at Meetings of the Association and shall serve as Chair of the Board of Directors; (s)he shall oversee the business of the Association such that the orders and resolutions of the Board of Directors may be carried into effect. The President shall be the Officer authorized and empowered to prepare, execute, certify, and record any lawful amendments authorized to be made to the Governing Documents on behalf of the Association.

6.5. Vice President.

The Vice President shall perform the duties and exercise the powers of the President in the absence or disability of the President, and shall perform such other duties as the Board of Directors may prescribe.

6.6. Secretary.

The Secretary shall attend all Meetings of the Board of Directors and of the Members, and shall record the voting and the minutes of all proceedings in a minute book to be kept for that purpose. (S)he shall give Notice of Meetings of the Association and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary, with the assistance of the Treasurer, shall compile and keep current at the principal office of the Association all records required by Section 8.4 hereof. The Secretary shall keep current and retain custody of the minute books of the proceedings of the Association and the Board of Directors, and may maintain a separate Book of Resolutions containing copies of resolutions of the Board intended to have ongoing or permanent effect. An Assistant Secretary may perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

6.7. Treasurer.

The Treasurer shall exercise control over all funds and securities of the Association except those which are placed under the control of a Manager; no Manager shall manage or exercise control over funds held in the Association's Reserve Accounts. The Treasurer or Manager shall deposit all funds of the Association in such federally insured financial institution(s) as may be designated by the Board of Directors. (S)he shall cause funds to be disbursed in accordance with the Association's Budget and as ordered by the Board of Directors. With the assistance of any accountant or Manager employed by the Association, the Treasurer shall keep the books of the Association on an accrual basis, with detailed accounts of the receipts and expenditures affecting the Association, in at least the detail required by Section 8.4 hereof. All books and records shall be kept in accordance with generally accepted accounting principles. The Treasurer shall be responsible for preparation of the Association's annual financial statement required by Section 8.5 hereof. An Assistant Treasurer may perform the duties and exercise the powers of the Treasurer in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe. In the absence of a specifically-appointed Vice President, the Treasurer shall serve as Vice President.

6.8. Compensation of Officers.

No Officer shall receive any compensation from the Association for acting as such unless such compensation is approved by a vote of Owners entitled to cast at least 75% of the votes in the Association. An Officer shall be reimbursed for reasonable out-of-pocket expenses incurred by him or her in the performance of his or her duties.

6.9. Liability of Officers and Indemnification.

See Sections 5.8, 5.9 and 5.10 of these Bylaws, which also apply to the Association's Officers.

7. ENFORCEMENT OF PROVISIONS OF GOVERNING DOCUMENTS.

7.1 Authority of the Board

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Covenants and other Governing Documents. Without limiting the authority and powers conferred upon the Board by Governing Law, the Board shall have the power and authority specified in this Section of these Bylaws.

7.2. Abatement of Violations.

A violation of provisions of the Governing Documents relating to the Common Areas shall give the Board the right to abate unauthorized structures or conditions within the Common Areas caused by such violation. PROVIDED, that this remedy shall not be utilized when a breach of the peace reasonably appears likely to ensue.

7.3. Legal Proceedings.

Failure to comply with any of the terms of the Governing Documents shall be grounds for legal relief, including without limitation, actions to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association or, if appropriate, by any aggrieved Owner, and shall not constitute an election of remedies.

7.4. Costs and Attorney's Fees.

The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment. In any other proceeding arising out of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court. In the event that the prevailing party is the Association, the costs and attorney's fees so awarded shall constitute a Specially Allocated Assessment against the Owner's Lot.

7.5. Late Charges and Interest.

The Board may impose and collect reasonable late charges to encourage prompt payment of Assessments. Until changed by resolution of the Board with advice of counsel, the Board may collect a late charge: (a) when any Assessment or installment thereof is received by the Association more than fifteen (15) days beyond the due date of such Assessment or installment; (b) in an amount not to exceed the greater of \$50.00 or ten percent (10%) of the amount of said Assessment or installment. Delinquent Assessments shall bear interest from the date of



delinquency at the rate of 12% per annum, or the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

7.6. Fines.

The Board may impose and collect reasonable fines against Owners for violations of the Governing Documents. PROVIDED, however, that no fine may be levied unless (1) the Board has by resolution established a schedule of fines which has been furnished to all Owners prior to the alleged violation, and (2) the allegedly offending Owner has been provided with notice of and an opportunity to be heard at a hearing to be conducted pursuant to Section 7.10 of these Bylaws. Until changed by resolution of the Board with advice of counsel, the amount of any fine so assessed shall not exceed one hundred dollars for a single offense or fifty dollars per diem for any offense of a continuing nature, and shall be treated as a Specially Allocated Assessment against such Owner's Lot.

7.7. No Waiver of Rights.

The failure of the Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Governing Documents or Governing Law, shall not constitute a waiver of the right of the Association, the Board or the Owner to enforce such right, provision, covenant or condition in the future.

7.8. Remedies Cumulative.

A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Governing Documents or Governing Law shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Governing Documents or Governing Law or at law or in equity.

7.9. Alternative Forms of Dispute Resolution Authorized.

In addition to the rights, remedies and procedures described above, the Association may, with the consent of an affected Owner and/or any other interested party, agree to resolve any dispute through mediation, binding or non-binding arbitration, or such other alternative dispute resolution mechanism as may be deemed appropriate, at the discretion of the Board.

7.10. Pre-Sanction Hearings.

In any cases under Section 7.6 or 7.7 of these Bylaws, where a fine or Specially Allocated Assessment for misconduct is proposed, or when a suspension of membership privileges for violation of the Governing Documents is proposed, or in any other case where the Board, in its



discretion, deems necessary or advisable, an allegedly offending Owner shall be afforded the opportunity for a hearing by the Board to determine the appropriateness of the action proposed to be taken. A hearing will be governed by the procedure set forth below:

7.10.1. Notice of Violation. A written Notice of Violation shall be prepared and hand-delivered or mailed by registered or certified mail, return receipt requested, to such Owner at his or her last known mailing address. The Notice of Violation shall include:

(a) A statement, in reasonable detail, of the factual nature of any alleged violations, along with the Section number of any portion of the Governing Documents allegedly violated;

(b) The nature of the action proposed to be taken against such Owner, including the dollar amount of any fine which could be imposed under the Schedule of Fines;

(c) A date by which the Owner must mail or deliver a written Request For Hearing to the Association to contest the imposition of the proposed sanction (which date must be not less than 14 days following the delivery of the Notice of Violation) along with the address to which such Request For Hearing must be sent; and

(d) A date, which is not less than 30 days following the delivery of the Notice of Violation, upon which the sanction would be imposed in the event that no hearing is requested by the Owner.

7.10.2. Form and Contents of Request for Hearing. The Request for Hearing shall be made in writing, shall be signed by or on behalf of the Owner, and shall contain a brief statement of any reasons known to the Owner that the proposed sanction should not be imposed.

7.10.3. Establishment of a Hearing Date. In the event that a hearing is requested by an Owner, no sanction may be imposed until the requested hearing is held. Upon receipt from an Owner of a Request For Hearing, a Notice of Hearing shall be prepared and hand-delivered, or mailed to such Owner by registered or certified mail, return receipt requested. The Notice of Hearing shall include the location, date and time of the hearing.

7.10.4. Hearing Procedures. At the hearing, the President, or his or her designee, shall preside. The hearing shall be conducted generally in accordance with the requirements for Meetings of the Board as provided in Section 5.3 of these Bylaws. Any Director who feels that it would be impossible to be fair, objective and unbiased in the proceedings shall disqualify himself or herself prior to the commencement of the hearing. Both the Owner who is the subject of the hearing and the Association may be represented by counsel. Minutes shall be taken and, if requested by either the Association or the Owner, the hearing may be recorded either stenographically, or by audio or video tape or equivalent means. After receiving proof of the giving of the two Notices required by Sections 7.10.1 and 7.10.3 of these Bylaws, factual evidence in support of the allegation that a violation has occurred will be received. Live testimony from witnesses with personal knowledge shall be received where practicable. Affidavits or declarations in the form required by RCW 9A.72.085 may, however, be received in lieu of live testimony as the interests of justice may require, and formal adherence to legal rules of evidence shall not be

required. Thereafter, evidence from the Owner, in defense or toward mitigation, shall be received. Any rebutting evidence may then be received. Legible copies of all documentary evidence received shall be attached to the minutes of the hearing. At the close of the evidence, both sides shall have the opportunity for legal argument.

7.10.5. Default. In the event that the Owner fails to appear at the hearing, (s)he may be deemed to be in default, and upon receipt of proof of delivery of both of the Notices required under Sections 7.10.1 and 7.10.3 of these Bylaws, and upon receipt of any satisfactory evidence that establishes the existence of the violation, the Board may render its decision forthwith.

7.10.6. Continuances. In its discretion, if the interests of justice appear to require, the Board may continue the hearing at the request of either the Owner or any other affected party, for such reasonable period not to exceed thirty (30) days, as may be deemed necessary.

7.10.7. Decision. The Board may issue its decision at the close of the hearing, or may adjourn and render its decision at a later date, not to exceed thirty (30) days following the date of the hearing or any continuation thereof. The decision shall be in writing, but need not contain detailed findings of fact or conclusions of law, and shall be delivered or mailed to the Owner and his or her attorney on the date of issuance. The original copy of the decision shall be dated and signed by the presiding Officer, and filed among the minutes of the Board of Directors.

7.10.8. Assurance of Voluntary Compliance in Lieu of Hearing. The Board may, with or without holding a hearing and at any time prior to rendering its Decision, accept from the Owner an Assurance of Voluntary Compliance in lieu of further proceedings, subject to such terms and conditions as may appear reasonable.

## 8. MANAGEMENT OF COMMUNITY.

### 8.1. Management by Board of Directors.

The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Governing Law or the Governing Documents required to be exercised and done by the Association through a vote of the Owners. The Board of Directors is charged with the responsibility for formulating and adopting all policy decisions affecting the Community.

### 8.2. Professional Management.

8.2.1. Employment of Manager. The Board of Directors may engage the services of a "Managing Agent" or "Manager" (which terms shall be synonymous herein) at a compensation to be established by the Board.

(a) Requirements. Any Manager shall be a *bona fide* business enterprise who or which manages common interest residential communities. Such firm or its principal[s] shall have a minimum of two years of experience in real estate community management and shall

employ persons possessing a high level of competence in the technical skills necessary to proper management of the Community. The Manager must be able to advise the Board of Directors regarding the corporate and administrative operations of the Association and shall employ or retain personnel knowledgeable in the areas of insurance and accounting, contract negotiations, and maintenance of corporate records.

(b) Duties. The Manager shall perform such duties and services as the Board of Directors shall direct. The Manager shall perform all such duties and services relating to the management of the Property, maintaining the Association's records and finances, observing the rights of Mortgagees, administering reserve funds and any and all other management obligations, in compliance with the provisions of the Declaration of Covenants and these Bylaws. The accrual method of accounting shall be employed, and expenses required by the Declaration of Covenants or these Bylaws to be charged to one or more, but fewer than all Owners, shall be accounted for separately.

8.2.2. Management Agreement. In the event the Board enters into a management agreement with a professional Manager or Managing Agent, said agreement shall be in writing and shall contain provisions authorizing termination of the agreement without penalty by the Association for cause upon thirty (30) days' written notice or without cause upon ninety (90) days' written notice and shall not exceed a term of one (1) year, renewable by agreement of the parties for successive one-year periods.

### 8.3. Bank Accounts for Operations and Reserves.

8.3.1. Insured Accounts - Retention of Funds Within State of Washington. The Board of Directors shall promptly deposit all sums collected for operating expenses or reserves in insured accounts with reputable financial institutions. Accounts in the name of the Association over which a Managing Agent has any control must be maintained in a financial institution located in the State of Washington.

8.3.2. Commingling Prohibited. Amounts collected by the Board of Directors as Assessments for operating expenses or Reserves shall not be commingled with funds of any other homeowners association, nor with the funds of any Manager or any other person responsible for the custody of such funds.

8.3.3. Reserve Accounts. Any reserve funds shall be kept in one or more segregated, interest bearing accounts, and any withdrawal transaction affecting such funds, including the issuance of checks, shall require the signatures of at least two persons who are Officers or Directors of the Association. Deposits may be made by the Manager into the reserve account, but withdrawals may not be made by a Manager.

### 8.4. Association Records.

8.4.1. Financial Records. The Treasurer, with the assistance of the Association's Manager and accountant, shall keep financial records sufficiently detailed to fully declare to each Owner a true statement of the Association's financial condition. Where annual assessments exceed



\$5,000, the accrual method of accounting should be employed, and any expenses required by the Covenants to be charged to more than one but fewer than all Owners shall be accounted for separately. At minimum, such records shall include:

(a) an "income statement" reflecting all income and expense activity for the preceding quarter on an accrual basis;

(b) an "account activity statement" reflecting all receipt and disbursement activity for the preceding quarter on a cash basis;

(c) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(d) a "balance sheet" reflecting the financial condition of the Association on an unaudited basis;

(e) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts);

(f) a "delinquency report" listing all Owners who are delinquent in paying Common Expense assessments and describing the status of any actions to collect such assessments;

(g) all canceled checks, bank statements, receipts and vouchers for expenses and other source documents for income and expenses, for up to seven years; if cancelled checks are not available from the Association's depositories, the Association must have access to electronic copies of its cancelled checks during this period; and

(h) the annual financial statement described in Section 8.5 hereof.

8.4.2. Other Records. The Secretary shall compile and maintain the following records, documents and things:

(a) The original or a photocopy of the recorded Covenants and each amendment to the Covenants;

(b) The Certificate of Incorporation and a copy or duplicate original of the Articles of Incorporation of the Association as filed with the Secretary of State;

(c) The Bylaws of the Association, and all amendments thereto;

(d) The minute books, including all minutes, and the separate Book of Resolutions required by Section 6.6 hereof;

(e) Any rules and regulations that have been adopted;

- (f) An inventory of all tangible personal property of the Association;
- (g) If reasonably available, a copy of the Developer's plans and specifications utilized in the construction of the Common Area improvements;
- (h) Insurance policies or copies thereof for the Common Areas and the Association;
- (i) Any other permits issued by governmental bodies applicable to the Common Areas of the Community;
- (j) All written warranties that are still in effect for any portions of the Common Areas, or any other areas or facilities which the Association has the responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all owners' manuals or instructions furnished with respect to installed equipment or building systems;
- (k) A roster of all Owners and Occupants of Lots in the Community, and their addresses, telephone numbers and e-mail addresses, if known;
- (l) Any employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service; and
- (m) All other contracts to which the Association is a party.

8.4.3. Ownership of Records, Inspection. All financial records and other books, records and documents of the Association are and shall remain the property of the Association, but shall be made reasonably available for examination and copying by the Association's Manager, any Owner, or the Owner's authorized agents for legitimate reasons relating directly to the Association. However, the Association shall not release the unlisted telephone number or e-mail address of any Owner without such Owner's consent, and shall protect any other information regarding any or all Owners that may be reasonably considered private and unrelated to Association's legitimate affairs, or that are otherwise privileged from disclosure by law. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records. A Managing Agent shall turn over all original books and records to the Association immediately upon termination of the management relationship with the Association, or upon such other demand as is made by the Board of Directors. A Managing Agent is entitled to keep copies of Association records. All records which the Managing Agent has turned over to the Association shall be made reasonably available for the examination and copying by the Managing Agent.

8.5. Preparation and Audit of Financial Statements. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. The annual financial statements of an Association with

annual Assessments of fifty thousand dollars or more are required by the Act to be audited at least annually by a certified public accountant. This annual audit may, however, be waived on an annual basis if not less than sixty-seven percent of the votes cast by Owners, in person or by proxy, at a Meeting of the Association at which a quorum is present, vote to waive the audit.

9. NOTICE.

9.1. Manner of Notice.

Notice to Lot Owners shall be provided in the manner prescribed in Section 4.7.6 hereof. Notice of Directors' Meetings shall be given as prescribed in Section 5.3.4 hereof. Mortgagees may be entitled to notice by certified or registered mail pursuant to special provisions of the Covenants.

9.2. Waiver of Notice.

Whenever any notice is required to be given under the provisions of Governing Law, the Covenants or these Bylaws, a Waiver thereof, in a Record, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

10. AMENDMENT OF BYLAWS.

Amendments to the Bylaws may be adopted by the vote of at least two-thirds of the Owners present, in person or by proxy, at a duly constituted Meeting of the Association at which a quorum is present, or without any Meeting if all Owners have been duly notified and Owners holding at least a majority of the total votes in the Association consent in writing to such amendment. All proposed amendments shall be submitted to the Owners for consideration in a Record. Amendments may be proposed by the Board of Directors or by petition signed by Owners holding at least one-third (33.333%) of the votes in the Association.

11. MISCELLANEOUS.

11.1. Compliance with Law.

These Bylaws are set forth in compliance with the Governing Law, the Covenants, and the provisions of the Corporation Act.

11.2. Conflict.

These Bylaws are subordinate and subject to the Governing Law, the Corporation Act and the Covenants. In the event of any conflict between these Bylaws and the foregoing, the provisions of the foregoing shall control, in that order of priority.



11.3. Severability.

If any provision of these Bylaws or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions of these Bylaws are declared to be severable.

11.4. Captions.

The captions (section headings) of these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

11.5. Gender, Number.

Whenever in these Bylaws the context so permits, the use of the singular shall include the plural and vice versa; the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, Pinehurst – Highfield Homeowners Association, a Washington Nonprofit Corporation, has caused this instrument to be adopted as its Bylaws by resolution of its Board of Directors adopted on \_\_\_\_\_, 2022.

ATTEST:

\_\_\_\_\_  
Secretary

# **AMENDMENTS TO THE BYLAWS OF PINEHURST - HIGHFIELD HOMEOWNERS ASSOCIATION**

**WHEREAS**, the Pinehurst - Highfield Homeowners Association (the "Association") is a Washington nonprofit corporation organized under RCW Chapter 24.03; and

**WHEREAS**, the Association's current Bylaws were amended and restated in 2022; and

**WHEREAS**, at the Annual Meeting of the Association held on January 28, 2025, the Members voted to approve certain amendments to the Bylaws as set forth herein; and

**WHEREAS**, the required notice was provided to all Members in accordance with the Bylaws and applicable law;

**NOW, THEREFORE**, the Bylaws of the Association are hereby amended as follows:

## **ARTICLE I - AMENDMENTS**

### **Section 1. Amendment to Section 4.5.3 (Rights and Privileges of Membership)**

Section 4.5.3 is hereby amended to read as follows:

**"4.5.3 Rights and Privileges of Membership.** Members in Good Standing shall have the right to run for and hold positions as Directors or Officers of the Association and vote on matters affecting the Association. Members in Good Standing, their immediate family members, well-behaved guests and lawful tenants of Owners shall also have the privilege of using any special services and/or facilities provided by the Association for use by its Members, above and beyond basic rights of ingress, egress and support which are not dependent upon Good Standing status. Such rights and privileges are subject to payment of all dues, charges or assessments as may be lawfully imposed by the Board of Directors from time to time, and are further subject to remaining in compliance with all other provisions of the Governing Documents. A Member who fails to pay all required dues, charges or assessments, or who is found to have violated other provisions of the Governing Documents in a proceeding conducted under Section 7.10 hereof, shall cease to be a Member in Good Standing and may lose any or all of the foregoing rights and privileges of membership until such time as the Member shall make all required payments and/or satisfy any conditions required of the Member in such proceeding."

### **Section 2. Amendment to Section 4.8.1 (Voting Rights)**

Section 4.8.1 is hereby amended to read as follows:

**"4.8.1 Voting Rights.** Each owner in good standing has the right to vote at Meetings of the Association for the election of Directors and with respect to such other matters that are not within the powers of the Board of Directors as may lawfully come before the Meeting. Each Owner shall be entitled to one vote for each Lot owned by such Owner on each matter submitted to a vote of the Owners. In the event that a Lot is owned by the Association, the votes allocated to such Lot must be cast in the same proportions as the votes cast on the matter by Lot Owners other than the Association. Cumulative voting shall not be permitted."

### **Section 3. Amendment to Section 4.8.6 (Order of Business)**

Section 4.8.6 is hereby amended to read as follows:

**"4.8.6 Order of Business.** The agenda of the Annual Meeting shall include: the approval of the minutes of the previous annual meeting and any special meetings of the Association, the election of Directors (in accord with section 5.3), the ratification of the annual budget, and any other business placed on the agenda. In the absence of a quorum, only the ratification of the budget can be considered. Only matters described in the Notice of a Special Meeting may be considered at such a Meeting, and the order of business at a Special Meeting shall generally conform to the order specified in the Notice of such Meeting."

### **Section 4. Amendment to Section 5.1.1 (Number of Directors)**

Section 5.1.1 is hereby amended to read as follows:

**"5.1.1 Number of Directors.** The number of Directors on the Board shall be five (5), but such number may thereafter be increased or decreased as provided in these Bylaws, provided that the Board shall never consist of fewer than three (3) members. New board members elected at the annual meeting of the association shall take office upon the adjournment of the annual organizational meeting. Promptly following such election, the Board shall elect or appoint the Officers of the Association described in Article 6 hereof."

### **Section 5. Amendment to Section 5.1.2 (Qualifications)**

Section 5.1.2 is hereby amended to read as follows:

**"5.1.2 Qualifications.** All members of the Board of Directors must be Owners who remain Members in Good Standing. The term "Owner" in such context shall be deemed to include any director, officer, partner in, or trustee of any entity which is, either alone or in conjunction with another person or entity, an Owner. Any Officer or Director of the Association who would not be eligible to serve as such if (s)he were not a director, officer, partner in, or trustee of such an entity shall be disqualified from continuing in office if (s)he ceases to have any such affiliation with that entity."

### **Section 6. Amendment to Section 5.3 (Removal of Directors)**

Section 5.3 is hereby amended by adding the following sentence at the end:



"Once removed by majority vote, that member is ineligible to serve on the Board of Directors in perpetuity."

### **Section 7. Amendment to Section 5.12 (Committees of the Board)**

Section 5.12 is hereby amended to read as follows:

**"5.12 Committees of the Board.** The Board of Directors may, at any time, establish one or more committees to advise the Board on a particular matter of interest. The Board shall provide a written charge to each committee established. The committee will present a report to the Board and be discharged when that purpose has been fulfilled. The members of any such Committee must include one or more Board members, and may include Owners, or other persons whose participation is deemed useful by the Board. Any committee established shall be advisory to the Board. No powers of Association (under section 4.4) may be delegated to a committee."

### **Section 8. Amendment to Section 6.1 (Principal Officers)**

The third sentence of Section 6.1 is hereby amended to read as follows:

**"Two or more offices may be held by the same person, except the offices of President and Treasurer."**

## **ARTICLE II - CORRECTIONS**

### **Section 1. Correction to Section 5.2.5 (Quorum: Participation and Voting)**

The reference in the last sentence of Section 5.2.5 to "Section 5.3.7" is hereby corrected to read "Section 5.2.7."

### **Section 2. Correction to Section 6.7 (Treasurer)**

The last sentence of Section 6.7 is hereby corrected to read as follows:

**"An Assistant Treasurer may perform the duties and exercise the powers of the Treasurer in the absence or disability of the Treasurer and shall perform such other duties as the Board of Directors may prescribe."**

## **ARTICLE III - GENERAL PROVISIONS**

### **Section 1. Effective Date**

These amendments shall be effective immediately upon adoption.

## **Section 2. Remaining Provisions**

Except as specifically amended herein, all other provisions of the Bylaws shall remain in full force and effect.

## **Section 3. Conflicts**

In the event of any conflict between these amendments and the existing Bylaws, these amendments shall control.