

APPROVED BY BOARD – PROPOSED FOR OWNER RATIFICATION

AMENDED AND RESTATED BYLAWS
FOR
WANDERMERE ESTATES HOMEOWNERS ASSOCIATION

**The Amended and Restated Bylaws
for
Wandermere Estates Homeowners Association**

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The Amended and Restated Bylaws

for

Wandermere Estates Homeowners Association

1. Purpose

Wandermere Estates is a 55 and Older community in Spokane, Washington. The Wandermere Estates Owners separately own their Lots. The Wandermere Estates Homeowners Association (the "Association") owns the Common Properties ("Common Areas") for the use and benefit of its Membership, comprised of all Lot Owners. The Association exists to care for the Common Areas and to ensure adherence to requirements set forth in its Governing Documents (the term "Governing Documents" herein shall have the same meaning as the term "Project Documents" defined in the Declaration).

The Association was incorporated in 2004 as a Washington non-profit corporation. Its membership is comprised of all Owners who, in turn, elect five (5) people to serve on a Board of Directors. The Board makes and implements most caretaking decisions.

The Association's Bylaws govern the allocation of decision-making authority between the Board and the Membership, the selection and removal of Directors, and the processes by which Board and Membership decisions are to be made and implemented. The Association has to date operated under a set of Bylaws adopted in conjunction with its incorporation.

Over the course of its operations from 2004 to date, the Association has learned that caring for the Shared Assets is most effectively done when the needs for **transparency, respect, and accountability** are each recognized and addressed.

Transparency. The Board's caretaking decisions and actions are consequential to the Owners. Because Owners have a stake in the outcome of Board action, Owners have a need to observe and influence Association decision-making. Association transparency allows Owners to witness decision-making in real time and thus better understand a Board decision, which helps to avert conflict born of distrust and misunderstanding.

Respect. The burden of making and implementing Board decisions rests on the shoulders of Directors who are not paid and who devote their free time to serving their neighbors. Having invested themselves in serving their neighbors, they are entitled to receive the benefit of the doubt from those whom they serve. Board decisions will inevitably disappoint those who sought a different outcome. But disappointment in an outcome does not justify disrespecting those neighbors who, as Directors, sought to inform themselves, to consider differing points of view, and to reach the decision they believed best served the Owners as a whole.

Accountability. Directors are ultimately accountable to their neighbors for decisions made and actions taken, but absent compelling circumstances that would warrant doing more, accountability should generally take the form of a Membership vote on whether the Director(s) should remain on the Board.

These Bylaws therefore serve to provide for effective Association governance in a manner that recognizes and addresses the needs for transparency, respect, and accountability. Note that words contained in this document with the first letter in the word(s) capitalized is a “defined term,” the meaning of which is supplied by Article 1 of the recorded *Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Wandermere Estates Housing for Persons 55 Years of Age and Older* (referred to in these Bylaws as the “CC&Rs” or the “Declaration”), or by the Act, which meanings are incorporated here by this reference.

2. Association Membership

2.1. Qualification and Transfer. Each Owner, from becoming an Owner and until ceasing to own a Lot, is a Member of the Association. Association Membership is appurtenant to the Lot. Wandermere Estates is a 55 and Older community and, as such, ownership and occupancy of Lots and Dwellings is subject to the terms and conditions set out in Section 8.25 of the CC&Rs. Transferring legal title to a Lot also transfers the appurtenant Membership. Any other transfer, if made, is void. Any person who claims to be an Association Member must, upon request, furnish the Board with copies of any documents under which the person asserts an ownership interest in the Lot and, if requested, copies of any Mortgage on the Lot.

2.2. Register of Members. The Association will maintain a Register of Members containing names and addresses of all Association Members. Each Owner must provide the Owner’s name and address to the Association. A new Owner should provide this information to the Association within fourteen days of becoming an Owner. If the Association requests proof of ownership, the Owner must provide copies of documents that establish ownership. In order to preserve the 55 and Older status of the Association, each Owner must, when requested, provide verification of occupancy as further provided in the Association’s 55+ Community Rules.

2.3. Number of Votes. The Association has one (1) class of voting Membership. One (1) vote is allocated to each Lot. Each Member is entitled to one (1) vote for each Lot owned, but a Lot’s vote (i) may not be divided, and (ii) must be cast as a single vote. Each Lot will therefore have one (1) voting representative who may be designated by the act of casting the Lot’s vote, which vote will be counted as the Lot’s vote, unless another Owner of the Lot notifies the Board before the vote is tallied that such other Owner disagrees with the vote that has been cast, in which case the Lot’s vote on the matter is deemed forfeited and will not be counted on the matter being voted upon.

2.3.1.1 Jointly Owned Lots. For voting purposes, a Lot which is partially devoted to the use of the Owner of one adjoining Lot, and is also partially devoted to the use of the Owner of a different adjoining Lot, is considered a “Jointly Owned Lot” and the Owners of the different adjoining Lots are considered “Joint Owners.” Because the vote for a Lot must be cast as a single vote, the division of a vote allocated to a Lot is not allowed. Joint Owners may cast the vote of the Jointly Owned Lot by agreement. In the absence of such agreement, the vote is deemed disputed and it may not be included in any tallying of votes.

2.4. Voting by Proxy. A Lot's vote may be cast pursuant to a proxy duly executed by an Owner. Unless otherwise specified in the proxy, a proxy is presumed to cover all votes which the Owner giving the proxy is entitled to cast. A proxy must be filed with the Secretary prior to the commencement of the meeting for which it is to be effective. 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 execution.

2.5. Suspension of Voting Rights. As more specifically provided in Section 4.10 of the CC&Rs, an Owner more than sixty (60) days delinquent in payment of an Assessment is ineligible to vote on any Association matter until the Assessment is paid. However, that Owner's presence in person or by proxy at an Association Membership meeting counts in determining whether a quorum is present. An Owner who is ineligible to vote is also ineligible to be elected or appointed as a Director or an Officer.

3. Directors

3.1. Eligibility.

3.1.1 Number and Qualifications. The affairs of the Association shall be governed by a Board comprised of five (5) individuals, all of whom shall be Owners. No more than one co-Owner of a Lot may serve as a Director at the same time. If a corporation is a member of the Association, any one of its Officers, Directors, or shareholders may be elected to the Board; if a partnership is a member, any one partner of such partnership may be elected to the Board.

3.1.2 Term of Office. A Director's term of office is three (3) years. The three-year terms shall be staggered so that at least one Director stands for election at each annual meeting. A term begins at the conclusion of an election at an annual meeting. A Director holds office for the term for which the Director is elected or appointed and until the Director's successor is selected and qualified.

3.1.3 Compensation of Directors. A Director shall not be paid for service as a Director.

3.2. Selection / Removal.

3.2.1 Nomination. Nomination for election of Directors is made in accordance with such guidelines and procedures, if any, that the Board may from time to time establish, provided, however, that the opportunity to make nominations from the floor shall be preserved. The Board may appoint a Director who is not standing for election in the upcoming election to oversee the nominating process in accordance with such guidelines and procedures.

3.2.2 Election. Election of Directors by secret ballot is not required but is permitted. In an election of Directors, the Members or their proxies may cast one vote per Lot for each vacancy. The person receiving the most votes for the vacancy shall be elected to fill the vacancy. Multiple vacancies will be filled by those receiving the most votes for the vacancies (e.g., two vacancies

filled by two Owners who receive the most votes). Cumulative voting is prohibited. (See also *Bylaws Section 6.5 Balloting for another method of election.*)

3.2.3 Appointment. A Board vacancy (except for a vacancy created by removal of a Director by a vote of the Association Membership) may be filled by vote of the remaining Directors, even though they may constitute less than a quorum. A vacancy not filled by vote of the remaining Directors may be filled by vote of the Association Membership at the earlier of the next annual meeting or a special meeting called for that purpose. A Director holds office for the balance of the term for which the Director was selected and until the Director's successor is selected and qualified.

3.2.4 Removal By Resignation. A Director may resign by giving the Board a written resignation. This resignation is effective upon its receipt by the Board. In addition, the Board may, by an affirmative vote of a majority of the entire Board, remove an Officer from office, with or without cause. Such vote may either be taken at a regular Board meeting or at a special Board meeting called for that purpose. The Board may elect another Director to fill an Officer vacancy resulting from resignation, removal, or disqualification to serve.

3.2.5 Removal By Chronic Absence. A Director who has missed three (3) or more regularly scheduled Board meetings during a fiscal year shall, by operation of this provision of the Bylaws, be deemed to have tendered to the Board such Director's resignation from the Board, which resignation is not effective unless and until a majority of the other Directors have voted to accept the resignation. The Board, by majority vote of the then remaining Directors, may reinstate the Director to the Board upon determination by the Board that the Director had a bona fide reason for the absence(s) or that the best interests of the Association are served by reinstating the Director.

3.2.6 Removal By Ineligibility. A Director who owned a Lot at the time of the Director's election or appointment to the Board and who later ceases to own a Lot is no longer eligible to serve on the Board as is therefore deemed to have resigned by operation of this provision of the Bylaws.

3.2.7 Removal By Owners. (See Section 10.4 below.)

4. Officers

4.1. Designation. The Association Officers are President, Vice President, Secretary and Treasurer. The Board elects Officers. Only Directors may serve as an Officer. A Director may not concurrently hold the offices of President and Secretary. A Director may, however, concurrently hold any other combination of two offices.

4.2. Election of Officers. The Board elects Officers at its first meeting following the Association's annual meeting. An Officer's term of office is one (1) year, unless the term terminates sooner by resignation, removal, or disqualification to serve.

4.3. Officer Resignation or Removal. An Officer may resign by giving the Board a written resignation. This resignation is effective upon its receipt by the Board. In addition, the Board may, by an affirmative vote of a majority of the entire Board, remove an Officer from office, with or without cause. Such vote may either be taken at a regular Board meeting or at a special Board meeting called for that purpose. The Board may elect another Director to fill an Officer vacancy resulting from resignation, removal, or disqualification to serve.

4.4. President. The President is the Association's chief executive officer and presides at all Association and Board meetings. The President also has all powers and duties prescribed by these Bylaws, by the Board or usually vested in the office of the President of a non-profit corporation.

4.5. Vice President. The Vice President functions as President in the President's absence or if the President is unable to perform the duties of the office. The Vice President also has such powers and duties assigned to the office by the President or the Board.

4.6. Secretary. The Secretary (i) records the votes and keep the minutes of Board and Association meetings, (ii) causes required meeting notice(s) to be given, (iii) maintains custody of Association business records, other than financial records that the Treasurer is required to keep, and (iv) maintains the Register of Members described in Section 2.2. The Secretary shall also have all powers and duties prescribed by these Bylaws, by the Board or usually vested in the office of the Secretary of a non-profit corporation.

4.7. Treasurer. The Treasurer is responsible for (i) Association funds, (ii) keeping full and accurate accounts of Association financial matters, and (iii) determining whether a delinquency makes an Owner ineligible to serve as a Director. The Treasurer also has all powers and duties prescribed by these Bylaws, by the Board or usually vested in the office of the Treasurer of a non-profit corporation.

4.8. Authority To Sign Association Instrument. A properly approved amendment to the CC&Rs or to the Bylaws may be executed and certified by any Officer. If no Officer is reasonably available to perform that task, it may be performed by a Director who is not an Officer. All Association agreements, contracts, deeds, leases, and other such instruments shall be executed by at least one Officer or by such other person or persons as the Board by resolution so designates.

4.9. Compensation. An Officer shall not be paid for services as an Officer.

5. Committees And Manager

5.1. Committees of Directors. The Board by resolution may create and appoint one or more committees. The resolution must state what, if any, Board authority is being delegated by the Board to the committee. If any Board decision-making authority is delegated to the committee, the committee must consist of at least two (2) Directors and the resolution must state the extent to which such authority

is being delegated to the committee. Delegating authority to a committee does not relieve the Board or any Director from responsibility imposed by law upon the Board or the Director.

5.2. Architectural Review Committee. Notwithstanding anything to the contrary in this Article 5, there shall be an Architectural Review Committee (“ARC”). The composition of the ARC is described in Article 9 of the CC&Rs, provided, however, that its composition shall include at least one (1) Director. By approval of these Bylaws, the phrase “Owners shall have the power to appoint all members of the Committee,” as used in Section 9.1.3 of the CC&Rs, shall be interpreted to mean that such power of appointment is exercised by Owners through the election of members to the Board, thereby expressly granting the Board the power to appoint members of the ARC and fill vacancies caused by any reason other than removal by a vote of the Owners. The above notwithstanding, Owners reserve the power to remove non-director ARC members, and elect replacements, as set forth in Section 10.4 of these Bylaws.

5.3. Other Committees. Other committees to which no Board decision-making has been delegated may be composed of one or more Association Members.

5.4. Managing Agent. The Board may contract with a Managing Agent to assist it in its work, provided that the compensation to be paid to the Managing Agent has been included in a budget approved by the Board and ratified by the Owners. The Board may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited by the CC&Rs or the Bylaws. “Managing Agent” here means an experienced community association manager, or someone who by knowledge, skill, experience, training, or education, is similarly qualified to perform the work of an association manager.

5.5. Terms of Management Agreement. The contract with a Managing Agent must: (i) be written; (ii) have a term no longer than one (1) year (but may be renewable for additional terms not longer than one (1) year); and (iii) be terminable by the Board without payment of a termination fee either (a) for cause or (b) without cause on sixty (60) days’ written notice. Because a person qualified to serve as a Managing Agent would, in the exercise of professional competence, read this (and other) Sections of these Bylaws before accepting an offer to become the Association’s Managing Agent, these three (3) terms (i.e., items (i) through (iii) of this paragraph) are by this reference deemed to be part of the Managing Agent’s contract and control over any conflicting provision(s) that might be contained in the Managing Agent’s contract.

6. Membership Decision Making

6.1. Summary.

6.1.1 Methods. Except as otherwise provided in the CC&Rs or Bylaws, Members make Membership decisions by votes at an Association Membership meeting. A Membership meeting may be conducted virtually so long as in doing so, the Owner’s opportunity to comment is preserved. Some Membership decisions may be made by mail-in ballot, by consent, by agreement, or by balloting without a meeting.

6.1.2 Decisions Reserved to Owners. Although the Board is authorized to make most Association decisions, some Association decisions are reserved to the Owners/Members to make, including (i) election of Directors, (ii) removal of Directors, (iii) budget ratification, (iv) removal of ARC members, and (v) changes to the CC&Rs and Bylaws.

6.2. Meetings.

6.2.1 Annual Meeting. There will be an annual Association Membership meeting. It will be at a reasonable place and time. A meeting place picked by the Board is presumptively a reasonable place. A meeting held in June, July, or August is a presumptively reasonable time, though other meeting times might also be reasonable. Failure to hold an annual meeting does not cause a forfeiture or give cause for dissolution of the Association, nor does it invalidate or affect otherwise valid Association acts. As required by RCW 64.38.035(1), the Association must make minutes from the previous Annual meeting available for examination and copying not more than sixty (60) days after the Annual Meeting, provided that actual approval of those Annual Meeting minutes will either (i) take place at the following Annual Meeting, or (ii) take place at a Board meeting as more specifically provided in Section 6.4.3.1 .

6.2.2 Budget Ratification Meeting. The Board annually prepares and adopts its proposed budget, and then submits it to the Owners for ratification as provided in this Section. "Budget" here means those documents which combine to capture the information that the Homeowners' Association Act (the "Act") requires be provided to members when the budget ratification meeting notice is given. That information includes statements of (i) the Association's projected income by category, (ii) the Association's projected common expenses, and those specially allocated expenses that are subject to being budgeted, both by category, (iii) the amount of the assessments per Lot, and (iv) the date the assessments are due. That information also includes statements of (i) the current amount of regular assessments budgeted for contribution to the reserve account, (ii) whether the Association has a reserve study that meets the requirements of the Act, and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study, and (iii) the current deficiency or surplus in reserve funding expressed on a per Lot basis. Finally, if the Board has withdrawn, or proposes to withdraw, funds from the Association's reserve account to pay for an unforeseen or unbudgeted expense(s) (other than the expense of replacing a reserve component(s) that is not included in the reserve study), that information must include statements giving notice of (i) the withdrawal, (ii) the current deficiency in reserve funding expressed on a per Lot basis, and (iii) the repayment plan. The Association may assess Owners to fund Association expenses by adopting and ratifying a budget as here described.

6.2.2.1 Notice. Within thirty (30) days of Board adoption of the proposed budget containing the information described in Section 6.2.2 above, notice of the proposed budget must be given to Owners. The notice must set a date for an Owner ratification meeting. The date must be set for not less than fourteen nor more than fifty days after the mailing of the notice. The notice must include or be accompanied by the budget information described in Section 6.2.2 above.

6.2.2.2 Meeting. Unless a majority of the total votes in the Association vote at the ratification meeting to reject the proposed budget, the proposed budget and the assessments against Lots included in the budget are ratified. (Because the specific purpose of a ratification meeting is to create an opportunity for a proposed budget to be rejected by a majority of the total votes in the Association, the quorum requirement does not apply to a ratification meeting.) Unless the proposed budget is rejected in the manner described, it is deemed approved. If the proposed budget is rejected or the required notice is not given, the periodic budget last ratified continues until a subsequent budget is adopted and ratified.

6.2.3 Special Meetings. A special meeting of the Association may be called (a) by the President, (b) by a majority of the Board, or (c) upon a written request (i) signed by Owners holding at least twenty percent (20%) of the total votes in the Association and (ii) specifically stating the business sought to be conducted at the Special Meeting. Once requested, the secretary must call the meeting and state in the meeting notice what business is sought to be conducted at the Special Meeting. No business shall be transacted at a special Association Membership meeting except as stated in the notice given for the special meeting.

6.2.4 Virtual Meeting. A Membership meeting may, in the Board's sole discretion, be conducted by telephonic, video, or other conferencing process, provided that (i) the meeting notice states the conferencing process to be used and provides information explaining how owners may participate directly, or by meeting at a central location, or by conference connection, and (ii) the conferencing process provides all participants the opportunity to hear or perceive the discussion and a reasonable opportunity to comment regarding matters affecting the community or Association.

6.3. Notice.

6.3.1 Notice. Notice must be provided in the form of a record. The Act distinguishes between notice provided in a tangible medium and notice provided in an electronic transmission.

6.3.2 Notice Provided in a Tangible Medium. Notice in a tangible medium may be transmitted by mail, private carrier, personal delivery, telegraph or teletype, or facsimile. Notice must be addressed to the Lot's address unless the Association has been notified by its owner in a record that notice is to be sent to a different address or by a different permissible method. Notice is effective as of the date of hand delivery, of deposit with the carrier, or of sending by fax.

6.3.3 Notice Provided in an Electronic Transmission. Association information may be provided to Members in an electronic transmission, provided, however, that Membership Notice may only be provided in an electronic transmission if the person has consented in a record to receive notices sent to an address, location, or system to which such notices may be electronically transmitted. Membership Notice may be provided to such person(s) by posting the notice on an electronic network and delivering to the person a separate record of the posting, together with comprehensible instructions regarding how to obtain access to the posting on the electronic network. Membership Notice is effective the date it is electronically transmitted or has been posted as described above. "Membership Notice" means any required notification by the

Association to its Members given (i) to afford the Members an opportunity to participate in making a decision or in taking an action that the Association Membership is authorized to make or take, or (ii) to notify its Members of an Assessment obligation arising from a budget ratified as provided in Bylaws Section 6.2.2. Notice to Members of a Board meeting is not "Membership Notice" because Members are not authorized to make decisions or take action on matters that are reserved to the Board to make or take. The Association may therefore provide notice of an upcoming Board meeting(s) to Members in an electronic transmission, without regard to whether the Member has or has not consented to receive Membership Notices electronically.

6.3.4 Revocation of Consent. Owner consent to receive notices by electronic transmission may be expressly revoked by the Owner delivering a revocation to the Association in the form of a record. The Owner's consent may be constructively revoked if the Association is unable to electronically transmit two consecutive notices to the Owner and this inability becomes known to the person responsible for giving the notice, but an inadvertent failure to treat this inability as a revocation of consent does not invalidate any meeting or other action.

6.3.5 Notice to the Board. Notice to the Board is given to the Association's President or Secretary.

6.3.6 Substantial Compliance. The ineffectiveness of a good faith effort to deliver notice by any means authorized above does not invalidate action taken at, or without, a meeting.

6.3.7 Membership Meeting Notice and Waiver. The Membership annual or special meeting notice described above must be given to Owners not less than fourteen days and not more than fifty days before the meeting date, but this fourteen day minimum notice period may be reduced or waived for a meeting called to deal with an emergency. A Member is deemed to have waived notice by attending the Membership meeting for which notice was required, unless the Member expressly challenges the notice at the beginning of the meeting.

6.4. Conduct of Meeting.

6.4.1 Quorum. A quorum is present throughout any Association Membership meeting if the Owners of Lots to which at least thirty percent (30%) of the total votes of the Association are allocated are present in person or by proxy at the beginning of the meeting. A quorum is not required for a budget ratification meeting. A person may be present at, and participate in, a meeting by telephonic, video, or other conferencing process by means of which all persons participating in the meeting the opportunity to hear or perceive the discussion and to comment.

6.4.2 Adjournment of Meetings. The Owners present, in person or by proxy, at an Association Membership meeting that cannot be held because a quorum is not present may adjourn the meeting by majority vote of those present to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting, notice of the time and place for reconvening the meeting must be given in the manner prescribed above for Association Membership Meetings. If a quorum is present at such reconvened meeting,

any business which might have been transacted at the meeting originally called may be transacted.

6.4.3 Order of Business. The Board will determine the order of business at Association meetings, but it will generally be as follows: (i) roll call; (ii) proof of notice of meeting or waiver of notice; (iii) approve minutes of preceding meeting; (iv) reports of Officers; (v) reports of committees; (vi) election of Directors (at annual meeting or at special meeting called for such purpose); (vii) unfinished business; (viii) member comments; (ix) new business; and (x) adjournment.

6.4.3.1 Approval of Minutes of Preceding Membership Meeting. The Board may, in its sole discretion, approve the minutes of the Association's preceding Annual Meeting at a regularly scheduled Board meeting, provide that (i) the proposed minutes are first distributed to Owners as provided in Section 6.2.1, (ii) the Board afford Owners a reasonable opportunity to offer proposed corrections to the minutes, (iii) the Board in good faith consider any proposed corrections it receives, and (iv) the Board records its approval of the Annual Meeting minutes in the minutes of the Board meeting at which the Annual Meeting minutes are approved.

6.4.4 Conduct of Meeting. The President will chair and preside over all Association meetings. The Secretary will keep minutes of meetings and record in the minutes all decisions reached at the meeting. The Chair may permit voting by voice or show of hands, but if an objection to doing so is made from the floor, then the vote will be taken by written ballot. A "new business" item may be discussed but may not be voted upon unless the Chair determines that emergency circumstances necessitate taking an immediate vote on the item. The Chair will decide all procedural matters that arise at the meeting. In order to both provide Owners attending the meeting a reasonable opportunity to comment on community matters and preserve time for Directors to conduct Association business during that meeting, the Chair will devote up to twenty minutes of the meeting to receiving such comments from Association Members. The Chair may adjourn the meeting if disorder arising at the meeting prevents continuation of the legitimate business of the meeting.

6.4.5 Approval Threshold. Passage of any matter that is properly submitted to an Association Membership vote at an Association Membership meeting at which a quorum is present shall require the affirmative vote of a majority of the votes that are present, in person or by proxy, at such meeting, except as otherwise provided by law, the CC&Rs or these Bylaws.

6.4.6 Parliamentary Authority. In the event of dispute, the parliamentary authority for meetings is the most current available edition of Robert's Rules of Order, provided that the rules are not inconsistent with these Bylaws.

6.5. Balloting – Action Without A Meeting. Except as otherwise provided by law or the Governing Documents, a vote may be conducted without a meeting by taking the following five steps.

6.5.1 Give Notice. Notify owners that the vote will be taken by ballot. The notice must state (i) the percentage of votes needed to establish a quorum, and needed to approve each

matter (other than election of directors), (ii) the time, date, and manner by which owners wishing to deliver information regarding the matter being voted on to all owners must do so, and (iii) the deadline by which the ballot must be returned, which deadline may not be less than fourteen days after the date of the notice. The notice must be accompanied by a ballot and the ballot must, for each proposed action, set forth an opportunity to vote for or against the action.

6.5.2 Receive Ballots. A ballot is effective when the Association receives it. Revocation of a ballot is effective when the Association receives actual notice of the revocation. A ballot or its revocation must be received by the established deadline. The deadline is initially established in the notice, but a later deadline may be established by notifying owners that the deadline has been extended to a later date, which date may be up to eleven months later than the initial deadline.

6.5.3 Tally the Votes. Votes and revocations that the Association receives by the established (or re-established, by extension) deadline will then be tallied to determine (i) whether a quorum is established, and, if so, whether (ii) the proposed action(s) is/are approved by the votes cast.

6.5.4 Report the Outcome(s). If the proposed action(s) have been approved by the votes cast, then notice of such approval must be given to owners within a reasonable time after such approval.

6.5.5 Keep a Record. A record of the action approved must be kept with the Association's minutes, including the ballots received or a report of the persons appointed to tabulate the ballots.

6.6. Consent To Declaration Amendment. *(Note: See Declaration Article 10.3.)*

7. Board Decision Making

7.1. Summary. Boards generally act at a Board meeting. An organizational meeting is held shortly after the election of Directors. Regular meetings are generally scheduled and held as scheduled. A Special meeting may also be held. Finally, Board decision-making can occur by unanimous written consent. Decisions on matters discussed in executive session must be made in open session, but the motion calling for a Board vote on such matter may omit confidential, privileged, or other information omitted to preserve privacy

7.2. Board Powers and Duties.

7.2.1 Association Action. Except as otherwise provided in the Governing Documents or by law, the Association acts through (i) the Board and (ii) any other person(s) or entity to whom the Board has delegated authority to act. The Board acts on behalf of the Association and its members. This allocation of decision-making authority to the Board is intended to be broad. To that end, the Board may exercise (i) all powers of a homeowners' association set forth in RCW

64.38.020, (ii) all powers set out in Declaration Sections 5.1 through, and inclusive of, 5.8 of the CC&Rs, and (iii) all powers of the Association that have not been expressly reserved to the Association Membership for decision or action. By way of illustration, not limitation, such authority includes the authority conferred by RCW 64.38.020, to:

- 7.2.1.1 Adopt and amend bylaws, rules, and regulations;
- 7.2.1.2 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from owners;
- 7.2.1.3 Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- 7.2.1.4 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 homeowners' association, but not on behalf of owners involved in disputes that are not the responsibility of the association;
- 7.2.1.5 Make contracts and incur liabilities;
- 7.2.1.6 Regulate the use, maintenance, repair, replacement, and modification of common areas;
- 7.2.1.7 Cause additional improvements to be made as a part of the common areas;
- 7.2.1.8 Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
- 7.2.1.9 Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys;
- 7.2.1.10 Impose and collect any payments, fees, or charges for the use, rental, or operation of the common areas;
- 7.2.1.11 Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the board of directors or by the representative designated by the board of directors and in accordance with the procedures as provided in the bylaws or rules and regulations adopted by the board of directors, levy reasonable fines in accordance with a previously established schedule adopted by the board of directors and furnished to the owners for violation of the bylaws, rules, and regulations of the association;
- 7.2.1.12 Exercise any other powers conferred by the bylaws;

7.2.1.13 Exercise all other powers that may be exercised in this state by the same type of corporation as the association; and

7.2.1.14 Exercise any other powers necessary and proper for the governance and operation of the association.

7.2.2 Limitations on Board Authority. The Board must not act on the Association's behalf on those matters that have been expressly reserved, by the Governing Documents or by the Act, to the Association Membership for decision.

7.3. Meetings.

7.3.1 The Organizational Meeting. The first meeting of the newly elected Board will be held within ten (10) days of election at a date and place to be fixed by the Directors at the meeting at which the Directors were elected.

7.3.2 A Regular Meeting. A regular Board meeting will be held at least quarterly and may be held at such time and place as a majority of Directors shall from time to time determine. The meeting described in Section 7.3.1 shall count as the quarterly Board meeting for the quarter in which it is held.

7.3.3 Special Meetings. A special Board meeting may be called by the President and, upon the written request of any two (2) Directors, must be called by the President.

7.3.4 Materials Available. Copies of materials distributed to Directors before a meeting (other than unapproved minutes, materials to be considered in executive session or materials containing confidential information) may, in the Board's sole discretion, be made reasonably available to Owners prior to a meeting.

7.3.5 Virtual Meeting. A Board meeting(s) may, in the Board's sole discretion, be conducted by telephonic, video, or other conferencing process, provided that (i) the meeting notice states the conferencing process to be used and provides information explaining how owners may participate directly, or by meeting at a central location, or by conference connection, and (ii) the conferencing process provides all participants the opportunity to hear or perceive the discussion and, as more specifically provided in Section 7.4.1, to comment on matters affecting the community or Association.

7.4. Attendance.

7.4.1 Open Meeting. Board meetings must be open to Owners except for any portion of a meeting during which the Board meets in executive session. The Board may, in its sole discretion, afford Owners a reasonable opportunity to comment on a matter(s) affecting the community or the Association, but the Board may expel or prohibit attendance by any person who, after warning by the chair of the meeting, disrupts the meeting. Minutes of the meeting, excluding executive sessions, must be made and the decision on each matter voted on must be

recorded in the meeting minutes. Board minutes of open meetings will be made available to all Owners.

7.4.2 Executive Session. The Board may, during a regular or special Board meeting, hold an executive session. An executive session may be held only to (i) consult with the Association's attorney concerning legal matters or discuss information or advice received from the Association's attorney, (ii) discuss existing or potential litigation or mediation, arbitration, or administrative proceedings, (iii) discuss labor or personnel matters, (iv) discuss contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage, or (v) prevent public knowledge of the matter to be discussed if the Board determines that public knowledge would violate the privacy of any person. A final vote or action on the matter(s) considered in executive session may not be taken during an executive session. Because executive session deliberations are confidential, and actual decisions are made in open session, no minutes are taken of executive sessions.

7.5. Notice. Notice of the time, date, place, and agenda of a Board meeting must be given to Directors not less than three (3) days before the meeting date and be given electronically, as provided in Section 6.3, to Owners not less than two (2) days before the meeting date, but these minimum notice periods (i) do not apply to meetings included in a schedule given to owners, nor to the Organizational Meeting, and (ii) may be reduced or waived for a meeting called to deal with an emergency. Notice of a Board meeting may be waived by a Director or Owner entitled to notice. A Director or Owner is deemed to have waived notice of a Board meeting by attending the Board meeting for which notice was required, unless such Director or Owner expressly challenges the notice when the meeting begins.

7.6. Location. A Board meeting will be held at a reasonable place. The meeting place picked by the Board is a presumptively reasonable place. A Board may meet virtually, in whole or in part, if (i) the meeting notice states that conferencing technology will be used, (ii) provides the means by which Owners may virtually attend the meeting, and (iii) the technology used provides a means by which all persons participating in the meeting can hear each other at the same time. Participation by such means constitutes presence in person at a meeting.

7.7. Quorum. A majority of Directors constitutes a quorum for transacting Board business. A director(s) may participate in a meeting through use of any means of communication by which all directors participating can hear each other during the meeting. A director(s) participating in this way is deemed to be present at the meeting. A Director may not attend a Board Meeting, nor participate in Board decision making, by use of a proxy or a ballot. A quorum must be present at the time the Board votes on a matter. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

7.8. Owner Comment. In order to both provide Owners attending the meeting a reasonable opportunity to comment on community matters, while also preserving time for Directors to conduct Association business during that meeting, the Chair may devote up to twenty minutes of the meeting to

receiving such comments from Owners. A Board may expel, or prohibit Board meeting attendance by, a person who, after warning by the chair of the meeting, disrupts the meeting.

7.9. Deliberations. Except for a deliberation in executive session, deliberation on a matter should take place in open session. Deliberations on a confidential matter may take place in executive session, provided that any decision on the matter be made in open session.

7.10. Decisions.

7.10.1 Approval Threshold. Except as otherwise provided below or elsewhere in the Governing Documents, the act of the majority of the Directors present at a meeting at which a quorum is present at the time of the action is considered the act of the Board. Except as otherwise provided, a Board decision is reached at a Board Meeting in open session. The Board must keep a record of all Board actions, by meeting minutes, resolution, or action by unanimous written consent. Board minutes of open meetings will be made available to all Owners. Use of a proxy by a Director to establish a Board quorum or to participate in Board action is prohibited.

7.10.2 Director Dissent or Abstention. A Director present when the Board acts is presumed to have assented to the act unless the Director's dissent or abstention, stated at the time of the act, is entered in the meeting minutes or the Director's dissent is submitted in writing to the Secretary immediately after the meeting adjourns.

7.10.3 Action Without a Meeting. The Board may act without a meeting by unanimous written consent. Actions taken by unanimous written consent must be kept as a record with the meeting minutes.

7.10.4 Informal Gathering. A gathering at which Directors do not conduct Association business is not considered a Board meeting, but Directors cannot use an incidental or social gathering to evade the open meeting requirements set out above.

8. Association Record Keeping And Retention

8.1. General Record Keeping. The Board will cause to be kept complete, detailed, and accurate books and records of the Association's receipts and expenditures which are sufficiently detailed to enable the Association to fully declare to each Owner the true statement of its financial status. All financial and other records of the Association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the Association. The Association will retain (i) originals or true and accurate copies of its declaration, articles of incorporation, bylaws, rules, and all amendments to such documents, (ii) copies of notices given to comply with the Act or Governing Documents, (iii) minutes of membership and board meetings (other than executive sessions), (iv) a record of all membership and board actions that were taken without a meeting, and (v) a record of all actions taken by a committee on behalf of the board or the Association. The Association's Managing Agent, if any, must immediately upon termination of its management relationship with the Association, or immediately upon demand of the Board, turn over all original books and records to the Association. A Managing Agent

may keep copies of Association records. All records a Managing Agent turns over to the Association will be made reasonably available for the Managing Agent's examination and copying.

8.1.1 Current. The Association will retain copies of (i) all rules currently in effect, (ii) the current budget, along with detailed records of receipts and expenditures affecting the operation and administration of the Association, (iii) the names of current owners, addresses used to communicate with them, and the number of votes allocated to each Lot, (iv) copies of insurance policies under with the Association is a named insured, (v) any current warranties provided to the Association, and (vi) current financial and other records needed to enable the Association to make required resale certificate disclosures.

8.1.2 One Year. The Association must, for a period of one year after a membership action, retain ballots, proxies, absentee ballots, and other records related to the membership action to which they relate.

8.1.3 Seven Years. The Association must, for a period of seven years, retain (i) financial statements, tax returns, and other appropriate accounting records, (ii) copies of contracts to which it is or was a party, (iii) materials relied upon to approve or deny any request for design or architectural approval, and (iv) materials relied upon in reaching any decision on enforcing the Governing Documents.

8.2. Confidential. Confidential or sensitive records which the Association may withhold from inspection and copying include (i) personnel and medical records relating to specific individuals, (ii) contracts, leases, and other commercial transactions to purchase or provide goods or services which are currently being negotiated, (iii) existing or potential litigation or mediation, arbitration, or administrative proceedings, (iv) existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the Governing Documents, (v) legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the Association, (vi) information the disclosure of which would violate a court order or law, (vii) records of an executive session of the board, (viii) individual Lot files other than those of the requesting Lot owner, (ix) unlisted telephone number or electronic address of any Lot owner or resident, (x) security access information provided to the Association for emergency purposes, and (xi) agreements that for good cause prohibit disclosure to the members.

8.3. 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. At least annually, the Association shall cause the financial statement to be audited by an independent certified public accountant, provided, however, that this audit requirement may be waived annually by Owners at a meeting at which quorum is present if sixty-seven percent (67%) of the votes present vote to do so.

8.4. Inspection. All records required to be retained by an Association and not exempt from disclosure as a confidential or sensitive record must be made available for examination and copying by owners, Lot mortgagees, and their respective authorized agents. "Records" includes financial records,

contracts, and minutes, but does not include any emails or texts, except for an email or text sent by a Director for the express purpose of creating a record of a Board decision that has been reached. The Association shall not release the unlisted telephone number of any Owner. Unless otherwise agreed, such record inspection must occur at the offices of the Association or its managing agent during reasonable business hours. The Association is not obligated to compile or synthesize information. The Association may charge a reasonable fee for supervising the inspection and for producing and providing copies of any records. The right to copy records includes the right to receive copies by photocopying or by other means, including through an electronic transmission (if available) upon request by the inspecting party. Information provided pursuant to this section may not be used for commercial purposes. The Association may require the requesting party to certify in writing that the information inspected shall only be used for a legitimate Association purpose.

9. Association Accounts

9.1. Accounts. The Board shall establish, in the name of the Association and in compliance with the CC&Rs and the law, such operating, reserve, and other accounts as it determines are necessary and convenient to the efficient operation of the Association.

9.2. Fidelity Insurance. The Association shall maintain such fidelity insurance policies as the Board determines to be in the best interests of the Association.

10. Director Accountability

10.1. Standards.

10.1.1 Due Care and Loyalty. A person shall perform the duties of a Director or an Officer (i) in good faith, (ii) in a manner the person reasonably believes to be in the best interest of the Association, (iii) with the care an ordinarily prudent person in a like position would use under similar circumstances, and (iv) with the degree of care and loyalty required of a Director or Officer of a corporation organized under Ch. 24.03A RCW. A person performing such duties may rely on information, opinions, reports, or statements, including financial statements or other financial data, prepared or presented by a source the person reasonably believes to be reliable and competent in the matters presented, unless and until the person has reasonable cause to believe that such reliance is no longer warranted. A Board may also exercise its judgment when deciding if, and how, to enforce the Governing Documents.

10.1.2 Code of Conduct. Because earning Owners' trust makes the Board more effective, a person who serves as a Director is hereby deemed to have made, and is duty bound to fulfill, the following six commitments:

I Will Respect My Neighbors: I will set a good example by treating neighbors as my equals, by listening attentively to what they say, and by not embarrassing them in what I say or do.

I Will Keep My Governing Documents Promises: I will comply with use restrictions, pay my assessment obligations, and faithfully fulfill the obligations of homeownership set out in our Governing Documents.

I Will Respect My Fellow Directors: I will listen to, and consider, the viewpoints of others. I will cast my vote on issues in a way I believe best serves the long-term best interests of our community. I will respect decisions I have voted against. I will not say or do things to undermine a Board decision.

I Will Respect Legal Boundaries: I will not disclose confidential information to someone who does not have a right to receive it. I will not use my position to advance my own self-interest, nor to obtain a benefit not afforded to those who are not on the Board.

I Will Be Prepared: I will prepare for Board Meetings. I will read materials furnished to me to inform me on matters to be discussed at an upcoming meeting. I will listen attentively to viewpoints expressed at a Meeting and give due consideration to material facts in the course of deciding how to cast my vote on a matter.

I Will Be Honest: I will disclose to the Board the relevant, non-confidential, factual information I have that bears on whether I might have a conflict of interest on a particular matter that has come before the Board. I will abstain from taking part in Board decision-making where I have a personal stake in the matter the Board is considering.

10.1.3 An Approach To Decision Making. The Board may, in its sole discretion, approach its decision making task(s) in any given instance by considering, in sequence, the following three questions:

- (i) **Must** we?;
- (ii) **May** we?; and
- (iii) **Should** we?

The “**Must** we” inquiry focuses the Board’s attention on whether or not it has a legal duty to act (or to refrain from acting) on the matter before it.

If it has no **duty** to act (or to refrain from acting), then the “**May** we” inquiry next focuses the Board’s attention on whether or not it has any **authority** to act (or to refrain from acting) on the matter before it.

If it is not obligated to act, yet it is authorized to act, then the “**Should** we” inquiry next focuses the Board’s attention on whether or not it should exercise its authority to act (or to refrain from acting) on the matter before it and, if so, how it might best exercise its authority in making a decision or taking action on the matter before it.

10.2. Director Accountability Principles. Serving as a Director or Officer consumes time and energy of the person serving. Serving one’s neighbors thus comes at a personal cost to the person serving. This fact shapes what accountability means in the context of holding a Director or Officer accountable for

official acts or omissions. We believe that removal from further service generally strikes the appropriate balance between the interests of the person serving and of the persons being served.

Honest effort that produces an outcome(s) which substantially differs from an outcome the Association Membership is committed to achieve may signal the need to change the composition of the Board so that, going forward, future Board decisions more closely correspond with the Association Membership's priorities. Affording the Association Membership with the means to remove a Director(s) from the Board before the end of a term will therefore be the principal means by which a Director or Officer will be held accountable for official acts or omissions.

We believe in the value of learning from mistakes and of moving forward from there. We are therefore disinclined to waste our time and energy rehashing the past and laying blame on those we have removed from the Board. To that end, we here establish a set of presumptions, limitations, and protections so that blame laying is reserved for those rare instances in which past actions have actually caused a substantial impact on the Association Membership or on an Association Member(s).

10.3. Presumption and Substantial Compliance.

10.3.1 Presumption of Good Faith. The act or omission of a Director or Officer is presumptively made in good faith, it being intended that the benefit of the doubt be extended to the act or omission of a Director or Officer. A person asserting a claim that a Director or Officer has acted in bad faith has the burden of proving the facts upon which that claim is made.

10.3.2 Substantial Compliance With Applicable Procedure(s). Except as otherwise provided, the Board's substantial compliance with a procedural requirement is deemed to have complied with the procedural requirement, so long as (i) the actions taken serve to give effect to the purpose(s) that the procedural requirement is intended to advance, and (ii) the person(s) challenging the action has not shown that the failure to strictly adhere to the applicable procedure has adversely impacted the exercise of a right(s) the procedure was intended to protect.

10.4. Removal By Owners. Notwithstanding any provision of the Governing Documents to the contrary, Owners present in person or by proxy at an Association Membership meeting called for the purpose of removing a Director(s) (or ARC member) and at which the quorum described in Section 6.4.1 is established may, by a vote equaling or exceeding a majority of the total votes in the Association, remove a Director(s) (or ARC member) with or without cause. Any Director (or ARC member) whose removal has been proposed shall be given an opportunity to be heard at the meeting before the vote for removal is taken. If a Director (or ARC member) has been removed as provided above, a successor(s) may then and there be elected by a majority vote of the votes present, in person or by proxy, to fill the vacancy thus created and to serve out the balance of the unexpired term.

10.5. Protections Afforded To Directors and Officers.

10.5.1 Directors and Officers Insurance. The Association may carry Directors' and Officers' liability insurance.

10.5.2 No Personal Liability. So long as a Director, or Officer, or Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such Person; provided, that this exemption from personal liability shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board and the insurer(s) have confirmed coverage in writing.

10.5.3 Indemnification. Each Board member, Association committee member, Association officer, and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which such Person may be a party, or in which such Person may become involved, by reason of holding or having held such position, or any settlement of such a proceeding. This indemnification shall be effective whether or not that Person holds the position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance, and except in cases where such Person is found guilty of willful misfeasance in the performance of such Person's duties. In the event of any settlement, the indemnification shall apply only when the Board approves the settlement and reimbursement as being in the best interests of the Association.

11. Bylaws Amendments and Interpretation

11.1. Amendment. These Bylaws may be altered, amended or repealed by a majority vote of the Board (provided a quorum is met) of any regular or special meeting called for the purpose; provided, that the Board shall not approve any such alteration, amendment or repeal that would be inconsistent with or contrary to the rights of members or mortgagees under the Declaration. The amendment, alteration or repeal of any Bylaw shall be ratified by a majority of the membership at any meeting of the membership next occurring after the amendment, alteration or repeal. Notice of the substance of the proposed amendment shall be submitted to each member in writing, announcing the date and place of the meeting not less than twenty (20) days nor more than sixty (60) days before the meeting.

11.2. Interpretation. These Bylaws shall be construed in accordance with the laws of the State of Washington. Though the Association was incorporated as a non-profit corporation under the Washington Nonprofit Miscellaneous and Mutual Corporations Act (Ch. 24.06 RCW, the "Corporation Act"), its actual operations are principally governed by (i) the Washington Homeowners' Association Act (Ch. 64.38 RCW, the "Act") and (ii) those legal principles that Washington courts have articulated and applied to the operations of common interest community associations (collectively, "Association Law"). In the event that Association Law and any provision of the Corporation Act both address the same topic, Association Law shall control over provisions of the Corporation Act.

CERTIFICATE OF ADOPTION

The President and Secretary of the Association certify that these Bylaws were approved in the manner provided in the CC&Rs and original Bylaws for amending the Bylaws. The contents of these Bylaws supersede and replace the Original Bylaws in their entirety and supersede and replace any inconsistent provisions in the Rules and Regulations in effect at the time these replacement Bylaws were adopted.

DATED THIS 30th day of October, 2023.

By: Charles Daniel ewe
Its President

ATTEST: The above amendment was properly adopted.

By: Jean Laufer
Its Secretary