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|  |  |  | AMENDED AND RESTATED BYLAWS  OF  DOUBLE R RANCH ASSOCIATION | | |  |  |  |
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AMENDED AND RESTATED BYLAWS OF   
DOUBLE R RANCH ASSOCIATION

IDENTIFICATION OF THE COMMUNITY AND THE ASSOCIATION.

The name of the Community is: Double R Ranch, which may be hereinafter be referred to as the Ranch". The name of the Association is: Double R Ranch Association, which will hereinafter be referred to as the -Association."

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 "Owner". as used herein. shall mean an owner of a Lot in the Community. The term "Lot", as used herein, shall mean any Lot

record or other parcel in Double R Ranch which is capable of being used for residential purposes. irrespective of its size. irrespective of whether it constitutes a lawfully platted lot and irrespective of whether it is conti2UOUS to another Lot or parcel owned by the same Owner. The term "Governing Documents". as used herein. shall mean the Covenants, the Articles of Incorporation for the Association, the Subdivision Piatt s recorded in the office of the Auditor of the County in which the Community is located, these Bylaws. any Rule, and Regulations adopted by the Board of Directors, and any lawful amendments to any and all such documents.

PURPOSE OF AMENDMENT; APPLICABILITY OF BYLAWS.

This document is intended to entirely replace the existing Bylaws for the Association dated 0ctober 3t.i. 1998 It has been amended in compliance with the provisions of Article 11, Section I of those existing Bylaws. These Amended and Restated Bylaws are promulgated to provide for the self-government of the Ranch and to promote the safety, health, well-being and enjoyment of its members. The administration and management of the Ranch 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 person or persons who are permitted to use the Ranch property shall be subject to these Bylaws and to the Rules and Regulations of the Association Acquisition. rental or occupancy of a Lot shall be deemed conclusive evidence of the Owner's, tenant's or occupant's acceptance and ratification of, and agreement to comply with, the Governing, Documents now in existence or hereafter adopted.

THE ASSOCIATION.

4.1 Form of Corporation.

The Association has been formed as a non-profit corporation under the laws of the State of Washington

under the provisions of Chapter 24.03 RCW (the "Corporation Act"). The rights and duties of the members and of said corporation shall be governed by the provisions of the Act and of the Covenants. The Association shall remain organized as a nonprofit corporation.

4.2. Law Governing Association.

In case of any conflict between the Corporation Act and the Homeowners' Association Act, Chapter 64.38 RCW, the Homeowners' Association Act (the "Act") shall control. *[RCW 64.38.005]*

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 resolution of the board of Directors, and upon filing of such notices with the Secretary of State as may be required by the Corporation Act. The Registered Agent shall have a business office identical with such Registered Office. *[RCW 24.03.050]*

4.4. Powers Of Association. *[RCW 64.38.020]*

Subject to the provisions of the Covenants, the Association may, through its Board of Directors *[RCW 24 03.095. RCW 64.38.025(1)]:*

1. Adopt and amend bylaws and Rules and Regulations;
2. Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners;
3. Hire and discharge or contract with managers and other employees, agents, and independent contractors;
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 Ranch or the Association, but not on behalf of Owners involved in disputes that are not the responsibility of the Association;
5. Make contracts and incur liabilities;
6. Regulate the use, maintenance, repair, replacement, and modification of Common Areas;
7. Cause additional improvements to be made as a part of the Common Areas;
8. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but Common Areas or other real property owned by the Association may be conveyed or subjected to a security interest only following approval by the Owners at an Annual Meeting or at a Special meeting called for such purpose;
9. Grant easements, licenses, and concessions through or over the Common Areas and petition for or consent to the vacation of streets and alleys;
10. Impose and collect any payments, fees, or charges for the use, rental, or operation of he Common Areas, and for services provided to Owners;
11. 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

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Directors and in accordance with such procedures as provided in Governing Documents, levy reasonable

fines in accordance with a previously established scheduled thereof adopted by the Board of Directors andfurnished to the Owners for violations of the Governing Documents;

(I) Exercise any other powers conferred by the Covenants or Bylaws*,*

1. Exercise all other powers that may be exercised in this state by the same type ofcorporation as the Association; and
2. Exercise any other powers necessary and proper forthe operation of the Association.

4.5. Membership.

4.5.1. Qualifications. Each fee owner or real estate contract vendee of a Lot in the Ranch,

shall be a Member of the Association; the term "Member", as used herein, shall *be* synonymous with the term"Owner", as used elsewhere herein and in the Act, unless the context clearly prohibits such construction.

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. 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 has not been found to have violated other provisions of the Governing Documents. [Covenants, Section 4,2]

4.5.2. Rights and Privileges of Membership. Members in Good Standing shall have the right to vote for Directors of the Association, and to consent to or dissent from certain extraordinary corporate actions described in the Corporation Act. Members in Good Standing, immediate family members of such Members, and lawful tenants of such Members shall also have the following privileges' (a) to use the Common Areas of the Ranch, and (b) to use any services, utilities and/or facilities provided by the Association for use by its Members. 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 retrofitting 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 until such time as the Member shall make all required payments and satisfy any conditions required of the Member in such proceeding. *[Covenants, Section 4.2]*

Transfer of Membership.

4.6.1. Membership is Appurtenant to Lot. 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. *[Covenants. Section 4.2]*

4.6.2. Transfer Fee. There shall be an initiation or "transfer" fee to join the Association Initially, the fee shall be in the sum of $25.00, but this fee may be increased by resolution of the lipoid should

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the need arise. Such fees shall be payable to the Association at the time of closing of the transfer of title to a Lot. *[Covenants, Section 4.21*

4.7. Meetings.

4.7.1. Place of Meetings. Meetings of the Association shall be held at such place within Whatcom County, Washington or within sixty miles thereof as may be designated by the Board of Directors and stated in the notice of the meeting. *[RCW 24.03.075J*

4.7.2. Annual Meetings. There shall be an annual meeting of the Association in the first or last quarter of each year, at such time as the Board, in consultation with its Manager and/or accountant may determine to be appropriate. *[RCW 24.03.075, RCW 64.38.035 J* 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. *[RCW 64.38.035]* At the annual meeting, there shall be presented a report containing the following information: *[Optional]*

1. A balance sheet and a revenue and expense statement of the Association prepared on an accrual basis, which shall be current to sixty days;
2. 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.
3. A statement of the amount of any reserves for repair or replacement and of any portions of those reserves currently designated by the Association for any specified projects;
4. A statement of any anticipated repair or replacement cost in excess of five percent of the annual budget of the Association that has been approved by the Board of Directors; and
5. 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. Notices of Annual Meetings. Not less than twenty (20) nor more than sixty (60) days in advance of an annual meeting, the Secretary shall cause notice to be 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 writing by the Owner. The notice of any meeting shall state the place, day and hour of the meeting and the items on the Agenda to be voted on by the members, including a list of the candidates seeking to be elected as Directors of the *Association. [RCW 64.38.035, RCW 24.03.080]*

4.7.4. Special Meetings. Special meetings of the Owners may be called at any time for the purpose of considering matters which by the terms of the Governing Documents or applicable law 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 by Owners having at least 10% of the total votes in the *Association. [RCW 64.38.035, RCW 24.03.075]*

4.7.5. Notices of Special Meetings. Not less than twenty (20) nor more than sixty (60) days in advance of any special meeting, the Secretary shall cause notice to be 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 writing by the Owner. The notice of any special meeting shall state the place, day and hour of the meeting and the

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4.8.5. Order of Business. The order of business at a general or annual meeting of the Association shall be as follows: (i) proof of notice of meeting; (ii) determination of the presence of a quorum, (iii) approval of Agenda; (iv) approval of minutes of the previous meeting of the Association; (v) election of Directors, if applicable; (vi) reports of the Board of Directors, Officers and committees; (vii) unfinished business; and (viii) new business. Items (iv), (vii) and (viii) shall be omitted from the order of business of a special meeting held for the sole purpose of electing a Director. *[Traditional]* 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. *[Traditional]*

4.8.6. 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. Unless changed by resolution of the Board of Directors, Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Act or the Governing Documents. *[Traditional]*

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 written ballots, and shall be filed with the minutes of the proceedings of the Association. *[RCW 24.03.465]*

5. BOARD OF DIRECTORS.

5.1. Number, Qualifications, Term of Office, Election.

5.1.1. Number of Directors. The number of Directors on the Board shall initially be seven (7), but such number may be increased or decreased as provided in these Bylaws, provided that the Board shall never consist of fewer than three (3) members. Such members of the Board of Directors shall take office upon election, and promptly following their election shall elect or appoint the Officers of the Association described in Article 6 hereof. *[RCW 24.03.100J*

5.1.2. Qualifications. All of the members of the Board of Directors must be Owners who are and 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 person, who is, either alone or in conjunction with another person or persons, an Owner. Any Officer or Director of the Association who would not be eligible to serve as such if he or she were not a director, officer, partner in, or trustee of the entity constituting such Owner shall be disqualified from continuing in office if he or she ceases to have any such affiliation with that Owner. To remain qualified to serve as a Member of the Board of Directors, a Directors must additionally satisfy any minimum attendance requirements established elsewhere in these Bylaws or by resolution of the Board. *[RCW 2403.095]*

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 and 6, etc.) shall be elected in even-numbered years. Directors occupying odd-numbered positions (1, 3, 5 and 7, etc.) shall be elected in odd-numbered years. *[RCW 14.03.100]*

5.1.4. Procedures for Election of Directors. *[Optional]*

(a) Before the fifteenth (15th) day of third month prior to the month in which the Annual Meeting will be held each year, the Board shall appoint a two (2) member Election Committee composed of

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voting Members in Good Standing. No member of the Election Committee shall be either a candidate or related to a candidate for the office of Director. This Committee shall serve until the day following the Annual Meeting. It shall be the duty of the Election Committee:

1. to receive and validate all statements of candidacy for election as a Director;

a Director;

Members, and

to tabulate the votes.

1. to contact each individual candidate and explain the duties and responsibilities of
2. under the direction of the Secretary, to cause ballots to be mailed to all voting
3. under the direction of the Secretary, to receive, store and validate the ballots, and
4. Before the fifteenth (15th) day of the second month prior to the Annual Meeting, at five P.M. (5:00 P.M.), inclusive, any Member in Good Standing may file with the Election Committee a statement of such person's candidacy for election as a Director for the term commencing immediately following the next Annual Meeting of the Association.
5. On or before the last day of the second month prior to the Annual Meeting, the Election Committee shall provide to the Secretary a list of all candidates who have submitted valid statements of candidacy and all other required materials.
6. The Secretary shall cause notice of each candidacy to be mailed to each voting Member along with a ballot form and the notice of the Annual Meeting. Such notice shall be mailed not less than twenty (20) nor more than sixty (60) days in advance of the Annual Meeting. The notice may also include such additional materials as the Board of Directors may deem appropriate.
7. Each voting Member in Good Standing is entitled to vote at the Annual Meeting.
8. Written ballots for the election of Directors shall describe the vacancies to be filled and shall set forth the names of persons who have become candidates for the office of Director.
9. If voted by mail, a ballot must be returned to the Secretary no later than 5:00 p.m. of the calendar day preceding the Annual Meeting in order to be counted in the election of Directors.
10. At the Annual Meeting, the Election Committee shall act as inspectors of election and shall collect ballots from all Members voting in person or by mail at the meeting. The Election Committee shall then count all the votes. The chairperson of the Election Committee shall notify the Secretary and all candidates of the results of the balloting immediately after the Election Committee has certified the results of the count. The results of the balloting shall be announced before the conclusion of the Annual Meeting, and the terms of office of the Directors so elected shall commence immediately following the Annual Meeting.
11. All ballots shall be retained in the custody of the Secretary for a period of three (3) years, after which they shall be destroyed.

5.2. Meetings.

5.2. I. Annual Meeting. An annual organizational meeting of the Board of Directors shall be held within I 0 days after each annual meeting of the Association. No notice shall be necessary to the newly

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elected Directors m order legally to constitute such meeting. providing a majority of the entire Board is present at the meeting *1Tradtrzonall*

3.21. Regular Meetings. Regular meetings of the Board of Directors shall be held at such

time and place as shall be dammed from time to time by the Board of Directors. but at least one meeting shall be held in each quarter of each fiscal year. *IRCW 24 03 1201*

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 3 special meeting no business other than that stated as the purpose for such special meeting may be conducted *at a* special meeting. *RCW 2a 03 1201*

5.24. Notice and Waiver of Notice. Notice of regular or special meetings of the Board of Directors shall be given to each Director, by mail, e-mail. facsimile 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 purposes of the meeting. Notice of meeting of the Board of Directors may be waived in writing by a Director either before or after the meeting. Attendance at a meeting constitutes want 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, no notice shall be required and matters relating to the subject of the emergency may be considered at the meeting. *IRCW 2401 1201*

5.2.5. Quorum and Voting A quorum is deemed present throughout any meeting of the Board of Directors if persons entitled to Cast t majority of the votes on the Board of Directors are present at the beginning of the meeting. Each Director shall have one vote, and proxy voting shall not be permitted. The votes of a majority of the 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 5.2.7 hereof; when a quorum is present any business may be transacted which might have been transacted at the meeting as originally called. *IRCW 24.03.1101*

5.2.6. Conduct of Meeting. The President shall preside at meetings of the Board of Directors and the Secretary shell keep the minutes of the proceedings. Following proof of notice and determination of the presence of a quorum, any lawful business may he transacted. All meetings of the Board of Directors shall be open to Owners. *[Traditional]*

*5* 2.7. Open Meetings. Except as hereinafter provided, all of the Board Of Directors and the Secretary shall be open for observation by all owners of recordand their authorized agents. Upon the affirmative vote in open meeting 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, or to discuss likely or impendinglitigation, 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,

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reconvenes in open meeting, reasonably identifies the motion or other action considered in executive session, and votes again in the open meeting 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. *[RCW 64.38.035(2)]*

5.2.8. Action by Directors Without a Meeting. In a *bona fide* emergency, or to accomplish purely ministerial objectives (such as the signing of banking resolutions) any action required or permitted to be taken may be taken without a meeting if all of the members of the Board of Directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. *[RCW 24.03.465]*

5.3. Vacancies.

Except as provided in Section 5.1, a vacancy on the Board of Directors caused by any reason other than removal of a Director by a vote of the Members, 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 elected shall serve until the next annual meeting of the Association and until his or her successor is elected. 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 Members shall be filled by the Members at an annual meeting or at a special meeting called for that purpose. *[RCW 24.03.105]*

5.4. Removal of Directors - Attendance Requirements.

The Owners, by majority vote of the voting power in the Association present and entitled to vote at any duly constituted meeting of the Owners at which a quorum is present, may remove any member of the Board of Directors with or without cause. *[RCW 64.38.025(4)]* A Director may also be removed by a two-thirds vote of the Board in the event that said Director has failed to attend three (3) consecutive meetings of the Board without having previously obtained a leave of absence from the President. *[Optional]*

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. *[Traditional]*

5.6. Annual Report of the Board of Directors.

The Board of Directors shall present at each annual meeting of the Association, and when called for by vote of the Members at any special meeting of the Association, a complete statement of the operative and financial condition of the Association, containing at minimum the information required in Section 4.7.2 of these Byla*ws. [Traditional]*

5.7. Fidelity Insurance.

The Board of Directors may obtain for any Director, Officer, trustee, volunteer, agent (excluding a Manager. which shall acquire its own fidelity coverage), or employee of the Association handling or responsible for Association funds, adequate fidelity insurance. If obtained, the policy shall name the Association as the insured and must include a provision that calls for ten days' written notice to the Association before the policy can be canceled or substantially modified for any reason. The policy should cover the maximum funds that

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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 covered by its own fidelity insurance policy, which must provide the same coverage required of the Association. *[Optional]*

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. *[RCW 64.38.025(1). RCW 24.03.127]*

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 one or more of its Directors, or between the Association and any corporation, firm entity or Association in which one or more of the Directors are Directors or Officers or are pecuniarily or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, if the fact of the common directorate or 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. Common or interested Directors 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 the interested Director(s) must abstain from voting on the contract or transaction. If disclosures are not made as required by this subsection, or if the interested Director(s) do not abstain from voting, the contract or transaction may be voidable at the instance of the Association, and the interested Director(s) may not be insulated from liability for any harm suffered by the Association as a result of the contract or transaction. *[Adapted from RCW 23B.]*

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. The 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

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(s)he reasonably believed to be in, or not opposed to, the best interests of the Association, to the fullest extent authorized by RCW 236.08.320, and 23B.08.500 through 236.08.600, and any amendments thereto, irrespective of the fact that the Association is not incorporated under RCW 23B. Sec RCW 2313.17.030.

*[RCW 24.03.035(14)]*

5.11. Change in Size of Board.

The number of Directors may at any time be increased or decreased by amendment of these Bylaws. If the Owners at any time elect a greater or lesser number of Directors than the number previously constituting the whole Board, then election of the new number shall automatically amend these Bylaws to increase or decrease the size of the Board to the number actually elected, but no decrease shall have the effect of shortening the ten-n of any incumbent Director, nor shall the number of Directors ever be less than three (3) persons.

*[Optional]*

5.12. Committees of the Board.

The Board of Directors may by resolution establish and appoint the members of one or more committees of the Board, each of which shall consist of two or more Directors and, if desired, one or more Owners who are not members of the Board, which committees, to the extent provided in such resolution, in the Articles of Incorporation, or in the Bylaws of the Association, shall have and exercise the authority of the Board of Directors in the management of the Association: Provided, that no such committee shall have the authority of the Board of Directors in reference to: *[RCW 24.03.115J*

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. Authorizing the sale, lease, exchange or mortgage, of all or substantially all of the property and assets of the Association
5. Authorizing the voluntary dissolution of the Association or revoking proceedings therefor; or
6. 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.

The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director of any responsibility imposed upon it

or him or her by law. Any decision of any committee may be appealed to the Board of Directors by any Owner affected by a decision of such committee.

5.13. Advisory Committees. *[Optional]*

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| The Board may designate the functions and members of one or more advisory Committees to assist the Board in discharging its responsibilities: a Budget and Finance Committee, a Grounds and Maintenance Committee, and/or a Covenants Committee. In the event that any such Committee is formed, it shall have one member whose role shall be that of liaison to the Board, who shall periodically provide reports to the Board  12 |

of the activities of the Committee at such times or with such frequency as may be established by resolution of the Board. Further, unless otherwise described in the Resolution of the Board establishing such Committee) such Committees would have the following attributes:

5.13.1. Budget and Finance Committee. The charter and purpose of the Committee shall be to assist the Board in developing the Association's annual budget, to work with the Grounds and Maintenance Committee to help the Board develop reasonable reserves for repairs, replacements and capital improvements, and to monitor trends in income and expenditures to ensure the integrity of the Association's financial status. The Budget and Finance Committee will work with the Association's Treasurer to ensure that the Board receives timely information regarding the financial status of the Association. The Board may by resolution prescribe additional duties for this Committee.

5.13.2. Grounds and Maintenance Committee. The charter and purpose of the Committee shall be to monitor the condition and appearance of the Common Areas of the Ranch, to help the Board determine routine maintenance and work schedules for any of the Common Areas that require periodic attention, to work with the Budget and Finance Committee to help the Board to develop reasonable reserves for repairs, replacements and capital improvements. The Board may by resolution prescribe additional duties for this Committee.

5.13.3. Covenants Committee. The Covenants Committee shall consist of at least three persons designated by the Board, at least two of whom shall be Directors, each to serve for a term of one year. The charter and purpose of the Committee shall be to assure that the Ranch shall always be maintained in a manner: (a) providing for visual harmony and soundness of repair; (h) avoiding activities deleterious to the aesthetic or property values of the Ranch; (c) furthering the comfort of the Owners, their guests and tenants; and (d) promoting the general welfare and safety of the Community. Proceedings of the Covenants Committee shall be governed by the same notice, quorum and voting requirements applicable to the Board of Directors under these Bylaws. Upon resolution of the Board, the Covenants Committee may be delepted responsibility for conducting any Pre-Sanction Hearings pursuant to Section 7.10 hereof. If such a resolution is adopted, the Committee shall, following any such hearing render a written decision containing findings of fact and conclusions of law; any party (including the Association) aggrieved by a decision of the Committee, may appeal the decision of the Committee to the Board, in which case the Board shall review the record of the Committee's hearing and render its decision in writing within thirty (30) days, in the manner prescribed by Section 7.10.5 hereof.

5.14. Other Committees.

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.

6 OFFICERS. *[RCW 24.03.125, Traditional]*

6.1. Principal Officers.

The principal Officers of the Association are a President, a Vice President, a Secretary, a Treasurer and a Legal Liaison. 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

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of Directors may, in its discretion, also elect or appoint such ther Ocerfor is and assistant Ofpolicy decisions

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deemed necessary. Officers are charged, in general, with responsibilityimplementing 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 Covenants 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 Members 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 Members 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. The Treasurer 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 disburse funds 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

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Association, in at least the detail required by Section 8.4 hereof. The books and supporting vouchers and records shall be available for examination by the Owners, Mortgagees and their duly authorized agents or accountants or attorneys, during regular business hours in the manner set by the Board of Directors. All books and records shall be kept in accordance with generally accepted accounting principles, in a manner consistent with homeowners association auditing guidelines. The Treasurer shall be responsible for preparation of the

Association's annual financial statement required by Section 8.5 hereof.

6.8. Legal Liaison.

The Legal Liaison shall be the Officer of the Association authorized to maintain contact with any attorney(s) hired by the Board to provide legal services to the Association.

6.9. 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.

6.10. Liability of Officers and Indemnification.

See Sections 5.8, 5.10, 5.9 and 5.10 of these Bylaws.

7. ENFORCEMENT OF PROVISIONS OF GOVERNING DOCUMENTS. *[Traditional]*

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 the Act, the Board shall have the power and authority specified in this Section of these Bylaws.

7.2. Abatement of Violations.

No violation of any provision of the Governing Documents shall give the Association the right to enter a Lot or any Limited Common Area in which, or as to which, a violation or breach exists or may exist, except in the case of a *bona fide* emergency caused by such violation. PROVIDED, that this remedy shall not be utilized when a breach of the peace may ensue or if any items of construction within the Lot or any of the Common Areas will be altered or demolished.

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, the Board of Directors, the Manager or, if appropriate, by any aggrieved Owner, and shall not

constitute an election of remedies.

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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 Special 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 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, in an amount not to exceed the greater of $25.00 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. *[RCW 64.38.020(11)]*

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 fifty dollars for a single offense or ten dollars per diem for any offense of a continuing nature, and shall be treated as a Special Assessment against such Owner's Lot.

7.7. Liability for Conduct Causing Common Expense. *[Traditional]*

Each Owner shall be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her family or his or her employees, agents, tenants or licensees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. To the extent that any Common Expense is caused by the misconduct of any Owner, the Association may specially assess that expense against the Owner's Lot, PROVIDED that no such Special Assessment may be levied unless 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.

7.8. No Waiver of Rights. *[Traditional]*

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 the Act, shall not constitute a

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waiver of the right of the Association, the Board or the Owner to enforce such right, provision, covenant or condition in the future.

7.9. Remedies Cumulative. *[Traditional]*

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 the Act shall be deemed to 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 the Act or at law or in equity.

7.10. Pre-Sanction Hearings. *[Custom - RCW 64.38.020(11)]*

In any cases under Section 4.5.2, 7.6 or 7.7 of these Bylaws, where a fine or Special 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 wi!1 be governed by the procedure set forth below:

7.10.1. Notice of Hearing.

Written notice of such hearing shall, at least fourteen (14) days in advance thereof, be 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 shall include:

1. The place, day and hour of the hearing;
2. 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; and
3. The nature of the action proposed to be taken against such Owner. 7.10.2. Hearing Procedures.

The President, or his or her designee, shall preside at the hearing, which shall be conducted generally in accordance with the requirements for Meetings of the Board as provided in Section 5.2 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 notice required by Section 7.10.1 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

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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.

7.10.3. 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 that the Owner received proper notice of the hearing, and upon receipt of any satisfactory evidence that establishes the existence of a violation, the Board may render its decision forthwith.

7.10.4. Continuances.

The Board may in its discretion continue the hearing at the request of either the Owner or the Association, for such reasonable period not to exceed thirty (30) days.

7.10.5. 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.

7.10.6. 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.

7.11. Alternative Forms of Dispute Resolution Authorized. *[Optional]*

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 nonbinding arbitration, or such other alternative dispute resolution mechanism as may be deemed appropriate, at the discretion of the Board.

7.12. Tenants Subject to Rights and Responsibilities of Owners. *[Traditional]*

Any tenant of an Owner shall be deemed to be bound by all portions of the Governing Documents that are binding upon the Owner, with the exception of the obligation to pay the dues, assessments and other charges owing by the Owner to the Association. All rights, remedies and procedures available to the Association when dealing with Owners under the Governing Documents shall be available to the Association when dealing with any tenant of an Owner. In addition, the Association shall have the right (but not the obligation) to terminate the lease of a tenant who, following a proceeding under Section 7.10 hereof, has been found to have violated the Governing Documents; the Association shall be deemed a "real party in interest" in any legal proceeding brought to enforce this right.

MANAGEMENT OF COMMUNITY.

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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 Ranch, and may be regarded for most purposes as the functional equivalent of the town council of a small *municipality. [RCW 24 03.095, RCW 64.38.025(1)]*

8.2. Professional Management. *[Traditional]*

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

1. Requirements. The Manager shall be a *bona fide* business enterprise, which manages common interest residential communities. Such firm or its principals shall have a minimum of two years 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 Property within the Ranch subject to the jurisdiction of the Association. 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 common interest community insurance and accounting, contract negotiations, and maintenance of corporate records.
2. 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 Covenants and these Bylaws.

8.2.2. Management Standards. The Board of Directors shall impose appropriate standards or performance upon the Manager. Unless the Manager is instructed otherwise by the Board of Directors:

1. the accrual method of accounting shall be employed, and expenses required by the Covenants or these Bylaws to be charged to one or more, but fewer than all Owners, shall be accounted or separately;
2. two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
3. cash accounts of the Association shall be maintained in insured accounts and all not be commingled with any other accounts;
4. no remuneration shall be accepted by the Manager from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;
5. any financial or other interest which the Manager may have in any firm viding goods or services to the Association shall be disclosed promptly to the Board of Directors; and

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a quarterly financial report shall be prepared for the Association containing the information required under Section 8.4.1 of these Bylaws.

1. the Manager shall maintain separate records and bank accounts for each common interest community owners' association that uses its services, and shall not have the authority to draw checks upon or to transfer funds from this Association's reserve accounts, except as provided in Section 8.3.3 hereof.
2. the Manager shall assist the Board in preparation of its Annual Budget for operating expenses and reserves, and shall periodically advise the Board on the adequacy of the Association's reserves for repair, renovation and replacement of the Common Areas and other capital expenditures.

8.3. Bank Accounts for Operations and Reserves. *[RCW RCW 64.38.045(4)]*

8.3.1. Insured Accounts. The Board of Directors shall promptly deposit all sums collected for operating expenses or reserves in insured accounts with reputable financial institutions.

8.3.2. Commingling Prohibited. Amounts collected by the Board of Directors as Assessments against the Lots for operating expenses or Reserves shall not be commingled with funds of any other common interest community owners' 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 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.

8.4. Association Records. *[RCW 64.38.045(1)]*

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: *[Optional]*

1. an "income statement" reflecting all income and expense activity for the preceding quarter on an accrual basis;
2. an "account activity statement" reflecting all receipt and disbursement activity for the preceding quarter on a cash basis;
3. 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;

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(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);

(0 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;

1. all canceled checks, bank statements, receipts and vouchers for expenses and other source documents for income and expenses, for up to seven years; and
2. the annual financial statement described in Section 8.5 hereof. 8.4.2. Other Records. *[Optional]*

The Secretary, with the assistance of the Association's Manager, shall compile and maintain the following records, documents and things:

1. The original or a photocopy of the recorded Covenants and each amendment to the Covenants;
2. 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;
3. The Bylaws of the Association, and all amendments thereto;
4. The minute books, including all minutes, and the separate Book of Resolutions required by Section 6.6 hereof;
5. Any rules and regulations that have been adopted;
6. An inventory of all tangible personal property of the Association;
7. If reasonably available, a copy of the Developer's plans and specifications utilized in the construction of the Common Area improvements;
8. Insurance policies or copies thereof for the Common Areas and the Association;
9. Any other permits issued by governmental bodies applicable to the Common Areas of the Ranch;

(k) All written warranties that are still in effect for 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;

(I) A roster of Owners and Mortgagees and their addresses and telephone

numbers, if known;

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1. Any leases of the Common Areas or areas and other leases to which the Association is a party;
2. 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

1. 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. However, the Association shall not release the unlisted telephone number of any Owner without such Owner's consent. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records. *[RCW 64.38.045(2)1*

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 a community 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. However, this required audit may be waived annually at a duly-constituted meeting of the Owners by a vote of at least sixty-seven percent of the votes present at such meeting in person or by written ballot. *[RCW 64.38.045(3)]*

8.6. Common Expenses. *[Traditional]*

The Board shall acquire and shall pay for, as Common Expenses, all goods and services requisite for the proper functioning of the Ranch, including, but not limited to, the following:

(a) Any common water, sewer, garbage collection, common electrical, common gas, and any other necessary utility service as required for the Common Areas.

Association. (b) Policies of insurance or bonds necessary or desirable for the operation of the

1. The services of persons or firms as required to properly manage the affairs of the Ranch or the Association, to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Areas, whether such personnel *are* employed directly by the Board or are furnished by a Manager.
2. The services of attorneys, along with bookkeepers and accountants qualified to maintain Association records in the manner required by Section 8.4 hereof, and to perform any independent audit or review required by Section 8.5 hereof.
3. Maintenance, repair, replacement of the common roadways, any common septic, drain field or related sewage system components, storm sewers, drainage, flood or storm water management and/or

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detention facilities, the swimming pool, the clubhouse, and any other improvements on the Coirunon Areas, and all landscaping and gardening work for the Common Areas, and such furnishings and equipment for the Common Areas as the Board shall determine are necessary and proper.

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| (0 Any other materials, supplies, labor, services, maintenance, repairs, structural  alterations, insurance, taxes or assessments which the Board is required to by law to pay or procure or which in its opinion shall be necessary or proper for the operation of the Ranch, the maintenance, repair or replacement of the Common Areas, or for the enforcement of the Governing Documents. |

8.7. Budget for Common Expenses.

Within thirty (30) days following the Annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Association's accountant, the Board shall prepare an Annual Budget which shall estimate the Common Expenses to be paid during such year. The Budget shall also contain provisions for creating, funding and maintaining reasonable reserves for capital improvements, replacements, major repairs and the amount(s) of any deductible from insurance policies obtained by the Association, and shall further take into account any expected income and any surplus available from the prior year's operating fund. *[Traditional)*

8.8. Meeting of Members to Approve Budget.

Within thirty days after adoption of any proposed budget for the Association, the Board of Directors shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. Pursuant to RCW 64.38.025(3), this procedure shall be deemed to supercede the budget approval processes described in Article III, Section 2 of the Covenants. *[RCW 64.38.025(3)]*

8.9. Assessments for Common Expenses.

Each Lot, as that term is defined in Section 2 hereof, shall be separately and equally assessed by the Board to pay for the Common Expenses of the Association. The Board may by resolution adopt collection policies calculated to maximize the Association's receipt of Assessment payments while affording flexibility to Owners. *[Covenants Section 4.4]*

8.10. Assessments for Limited Common Expenses.

Notwithstanding the provisions of Section 8.9 hereof, the Board may levy a separate assessment against any Lot which receives services or other benefits not made available to all Lots or which, as provided in Section 7.7 hereof, causes the Association to incur extraordinary expenses. *[Traditional]*

9 NOTICE.

9.1. Manner of Notice.

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Unless specified otherwise in other sections of these Bylaws, whenever any notice is required to be given under the provisions of the Act or of the Governing Documents to any Mortgagee or Owner, it shall not be construed to require hand-delivered notice, but such notice may be given in writing, by first class mail, addressed to such Mortgagee or Owner at such address as appears on the books of the Association.

Mortgagees may be entitled to notice by certified or registered mail pursuant to special provisions of the Covenants. Notice of Directors' meetings shall be given as prescribed in Section 5.2.4 hereof. *[Traditional]*

9.2. Waiver of Notice.

Whenever any notice is required to be given under the provisions of the Act, the Covenants or these Bylaws, a Waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto. *[RCW 24.03.460]*

10. AMENDMENT OF BYLAWS.   
10.1. Amendment of Bylaws.

Amendments to the Bylaws may be adopted at a duly constituted meeting of the Owners if at least two-thirds of the votes, in person or by mailed ballot, are cast for such amendment. Amendments may be proposed by the Board of Directors or by petition signed by Owners representing at least 20% of the votes in the Association. *[RCW 24.03.070]*

10.2. Consent of Mortgagees.

No amendment to these Bylaws, the object of which is to change any of the rights, obligations or duties of the Association or Owners as to any matters for which the consent of any Mortgagee is required under any

provision of the Governing Documents, shall be valid absent the consent of such Mortgagees as may be required thereby. *[Common Law]*

11. MISCELLANEOUS.

11.1. Compliance with Law.

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

11.2. Conflict.

These Bylaws are subordinate and subject to the Act, 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.

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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 the converse; and the use of any gender shall be deemed to include all genders.

12. EFFECTIVE DATE.

These Amended and Restated Bylaws shall take effect on the day following their approval by the membership of the Association.

IN WITNESS WHEREOF, the Double R Ranch Association, a Washington Nonprofit corporation, has caused this instrument to be adopted as its Bylaws, by resolution adopted by its Members at a duly constituted meeting at which a quorum was present, held on June 10, 2000.

ATTEST:

Secretary

Date: , 2000

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