

**Bylaws of
The Villages of Garrison Creek
Master Property Management Association**

ARTICLE 1. OVERVIEW, DEFINITIONS, AND INTERPRETATIONS

- 1.01. Overview: The purpose of the Association is to perform duties which are necessary or proper in operating for the peace, health, comfort, safety, and general welfare of its members and to own, develop, and maintain all Common Areas within The Villages of Garrison Creek and to approve and administer, as necessary, the Governing Documents which pertain to the enforcement of the Covenants, Conditions, and Restrictions which apply to The Villages of Garrison Creek (the "Community") and its residents.
- 1.02. "**Articles**" shall mean the Articles of Incorporation of The Villages of Garrison Creek Master Property Management Association as a nonprofit corporation.
- 1.03. "**Director**" shall mean a duly elected member of the Board of Directors.
- 1.04. "**Governing Documents**" shall mean and refer to the Second Restated Declaration, the Articles of Incorporation, these Bylaws of the Association, and rules and regulations of the Community adopted by the Board, all of which may be amended from time to time.
- 1.05. "**Member**" shall mean an Owner or joint Owner of a Lot in the Community.
- 1.06. "**Membership**" shall mean one voting right (one Lot) in the Community.
- 1.07. "**Notice**" shall mean a personal, written, or electronic notification to Directors or to Members of meetings, document revisions, Assessments, or other matters pertaining to the Association.
- 1.08. "**Record**" shall mean Association records including but not limited to Governing Documents, budgets, receipts, minutes, ballots, Owner names and addresses, Notices, contracts, and any other documentation specified by the Act.
- 1.09. "**Village Roles**" shall mean a document approved by the Board denoting general roles, responsibilities, guidelines, and authority of individual villages.
- 1.10. Incorporation by Reference: Except as otherwise provided herein, the terms which are defined in Article 1 of the Covenants are used in these Bylaws as therein defined.

ARTICLE 2. MEETINGS OF THE ASSOCIATION

- 2.01. Meeting Place. All meetings of the Members shall be held at such reasonable place within the City of College Place or the City of Walla Walla, Washington, as shall be determined from time to time by the Board, and the place at which any such meeting shall be held shall be stated in the Notice of the meeting.
- 2.02. Association Annual Meeting. The annual meeting of the Members for the election of Directors, ratification of annual budget, and for the transaction of such other business as may properly come before the meeting shall be held at a time established by the Board as stated in a Notice.
- 2.03. Association Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, a majority of the Board, or Memberships holding twenty (20%) percent of the votes in the Association.
- 2.04. Notice of Meeting. Notice of any meeting must state the date, time, place, and agenda. Notice of any meetings shall be given to each Member by delivering personally, by mailing, or by electronic Notice at least fourteen (14) calendar days, and not more than fifty (50) calendar days, prior to the meeting. The minimum time for Notice of a special meeting may be waived for a meeting called to deal with an emergency. Only matters described in the meeting Notice may be considered in a Special Meeting.
- 2.05. Quorum. A quorum of Memberships at any Annual or Special Meeting of the Association shall be the presence, in person, absentee ballot, or by proxy, of persons holding thirty-four percent (34%) of all Memberships, unless otherwise expressly provided herein.
- 2.06. Waiver of Notice. Attendance of a Member at a meeting shall constitute a waiver of Notice of such meeting, except where a Member attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A waiver of any Notice required to be given any Members, signed by the person or persons entitled to such Notice, whether before or after the time stated therein for the meeting, shall be equivalent to the giving of such Notice.
- 2.07. Voting. There are 240 votes authorized to be cast by the Members according to the procedures established in these Bylaws. The number of votes shall be equal to the number of living Units within the Community. Each Lot Owner shall be entitled to one (1) vote for each Lot owned. The voting power of each Member shall be equal to every other Member. The voting interest of each Lot or living Unit must be cast as a single vote.
- 2.08. Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held in such capacity provided that such person shall satisfy the Secretary that they are the executor, administrator, guardian or trustee, holding such Lot in such capacity. Whenever any Lot is owned by two or more persons jointly, according to the

Records of the Association, the vote or proxy of such Lot may be exercised by any one of the Owners then present, in the absence of protest by a joint Owner. In the event of disagreement between or among the joint Owners, the vote of such Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter, unless a valid order establishes the authority of a joint Owner to vote.

- 2.09. Voting Representative or Proxy. An Owner may, by written Notice to the Board, designate a voting representative, as proxy, for their Lot. A proxy form must be dated and, unless stated otherwise, the proxy terminates eleven months after the date of issuance. The voting representative need not be an Owner. The designation may be revoked at any time by written Notice to the Board from the Owner or by actual Notice to the Board of the death or judicially declared incompetence of the Owner, except in cases in which the person designated is a Mortgagee of the Lot. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact for the Owner under a durable power of attorney, and the administrators or executors of an Owner's estate. If no designation has been made among multiple Owners of a Lot, or if a designation has been revoked and no new designation has been made, all votes allocated to each Lot may be cast by one of the multiple Owners present at the meeting or, if more than one of multiple Owners are present, according to the agreement of a majority in interest of such Owners in the Lot.
- 2.10. Majority Vote. The vote of a majority of the voting rights entitled to be cast by the Members, present or represented by proxy, at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the Members, unless a greater proportion is required by law, by the Covenants, by the Articles, or by these Bylaws.
- 2.11. Mail Ballot. For Annual or Special Meetings, mail or absentee ballots may be distributed with the Notice and agenda of the meeting. Mail or absentee ballots will be accepted as a proxy for quorum consideration. Mail or absentee ballots shall be returned to the Secretary of the Association who shall authenticate the ballot as received from the Owner. The Secretary will endeavor to ensure privacy of the Owner's vote. Other forms of electronic voting may be adopted by the Board.
- 2.12. Rules and Regulations. Rules and regulations adopted by the Board may be overruled or modified at any Association meeting with quorum provided the Notice stated such modification or revocation of rules and regulations shall be under consideration and not less than sixty percent (60%) of the participating votes approve the modification or revocation.
- 2.13. Rules of Order. All meetings of the Association shall be conducted according to the latest edition of Robert's Rules of Order.

ARTICLE 3. BOARD OF DIRECTORS

- 3.01. Number and Qualification. The affairs of the Association shall be managed by a Board of seven (7) Directors elected by the Members of the Association. All Directors shall be Members, but need not be residents of the Community.
- 3.02. Election and Tenure. Each Director shall be elected for a two (2) year term, or until their successors are duly elected and qualified. Terms shall be staggered.
- 3.03. Vacancies. Any vacancy on the Board which occurs with more than 3 months remaining in the term of office shall be filled by a majority vote of the remaining Directors at a scheduled Board Meeting. A Director elected to fill any vacancy shall hold office for the unexpired term of their predecessor and until their successor is elected at the next Annual or Special Meeting of Members. If the number of vacancies precludes a quorum at any time, the remaining directors may appoint at a scheduled or emergency meeting.
- 3.04. Removal of Directors. Any Director, elected by the Members or appointed to a vacancy by the Board, may be removed by a two-thirds (2/3rd) majority vote of Members, present or in proxy, at the Annual or a Special Meeting called for that purpose provided the quorum has been met.
- 3.05. Powers. The Board shall have all powers and perform all duties necessary for administration of the affairs of the Association except such powers and duties as by law or by the Covenants or by these Bylaws may not be delegated to the Board by the Members. The Board may delegate responsibilities to committees or a managing agent, but shall retain ultimate control and supervision. The powers and duties to be exercised by the Board shall include, but not be limited to those set forth in the Covenants and the following:
- A. Carry out the program for maintenance, upkeep, repair and replacement of the property to be maintained by the Association as described in the Covenants and these Bylaws.
 - B. Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.
 - C. Preparation of a budget for the Association, and Assessment and collection of the Assessments.
 - D. Employment and dismissal of such personnel as necessary for such maintenance, upkeep and repair.
 - E. Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.
 - F. Establishment of bank accounts on behalf of the Association and designation of the signatories required therefor.
 - G. Preparation of and dissemination to appropriate entities of all necessary taxation and nonprofit forms required for the Association.
 - H. Obtain such insurance or such bonds pursuant to the provisions of these Bylaws, and perform an annual review of such insurance coverage.

- I. Make additions and improvements to, or alterations of, the Common Areas
 - J. The Board may from time to time adopt such rules and regulations as may be necessary or advisable to ensure compliance with the Covenants and Bylaws of the Association. The process for adoption shall include Notice to Members with opportunity for Member discussion and requests for revision at the Board meeting, followed by Notice to Members for vote on adoption at a subsequent Board meeting. If less than 60% of the Board do not approve such rules and regulations they shall be put to an association vote. The Board may from time to time amend such Governing Documents provided the meeting Notice identifies the amendment that will be proposed. Such rules and regulations shall be stated in writing or electronically published and shall be made available to each Owner, tenant, Mortgagee, or other party having a legitimate interest therein upon request of such individual to the Secretary of the Association. When so adopted, such Governing Documents shall be binding upon all Owners and Occupants.
 - K. Enforcement by legal means of the provisions of the Covenants, these Bylaws and any Governing Documents adopted hereunder.
 - L. Maintain a current mailing address in the name of and for the Association.
 - M. Enter into management agreements with professional management firms.
 - N. In addition to the powers and authority expressly conferred upon it by these Bylaws and the Covenants, the Board may exercise all powers as provided by law.
- 3.06. Board Meetings. Meetings of the Board and committees authorized to act for the Board shall be open to all Members except during Executive Session.
- A. The Board elected at the Association Annual Meeting shall meet within 60 calendar days to elect officers and set the meeting schedule for the year. The officer names and the meeting schedule shall be recorded in the minutes and posted on the Association website.
 - B. For any meeting not on the schedule and not called to deal with an emergency, the Secretary or other person specified in the Governing Documents shall provide Notice of the Board meeting to each Director and to the Members. The Notice may be electronic, written, or personal and shall be given at least fourteen (14) calendar days before the meeting and must state the time, date, place, and agenda of the meeting.
 - C. Executive Session shall be reserved for personnel, legal, or privacy matters of individual Owners.
 - D. All meetings of the Board shall be conducted according to Robert's Rules of Order and shall comply with Washington law, as amended.
- 3.07. Quorum and Vote. A majority of Directors shall constitute a quorum for transaction of business. The action of a majority of Directors present at a meeting at which there is a quorum shall be the act of the Board, provided at least four (4) are in favor. Attendance may be via communication equipment provided all participants can reasonably hear each other. A Director may not vote by proxy or in absentia.

- 3.08. Board Special or Emergency Meetings. At times meetings may be required to address immediate concerns (Emergency) or to gather Member input and/or disseminate information as a workshop where no vote will occur (Special). Notice of the time and place of Special or Emergency Meetings shall be given to each Director personally, in writing or electronically at least seventy-two (72) hours before the meeting. Notice to Members may be electronic, email or posted, at least seventy-two (72) hours before the meeting.
- 3.09. Action without a Meeting. Instead of meeting, the Board may act by unanimous consent. Actions taken by unanimous consent must be kept as a Record. The Board may act by unanimous consent only to undertake ministerial actions, actions subject to ratification by the Membership, or to implement actions previously taken at a meeting of the Board or Association.
- 3.10. Conflict of Interest. Directors shall strive at all times to serve the best interests of the Association as a whole regardless of their personal interests and report any potential conflict of interest to the entire Board.
- 3.11. Liability. Directors of the Association shall not be liable to the Association or any Member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of their duties, except for acts of gross negligence or intentional acts. In the event any Director or any Officer of the Association is made a party to any proceeding because the individual is or was a Director of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law. Association committee members, volunteers, as well as any managing agent of the Association, and its officers and employees, shall not be liable to the Members or any third parties on account of any action or failure to act in the performance of its duties as managing agent, except for acts of gross negligence or intentional acts.
- 3.12. Compensation. No Director shall receive any compensation from the Association for acting as such.

ARTICLE 4. OFFICERS

- 4.01. Designation. The officers of the Association shall be the President, Vice President, Secretary, and Treasurer. Any two offices may be held by the same person except the office of President. All Officers shall be Members of the Association and a duly elected or appointed Director.
- 4.02. Election and Vacancies. The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board to serve for one year and until their respective successors are elected. If any office shall become vacant by reason of death, resignation, removal, disqualification or any other cause, the Board shall appoint

a successor to fill the unexpired term at any meeting of the Board or by unanimous consent without a meeting.

4.03. Delegation. In the case of the absence or the inability to act of any Officer of the Association, the Board may from time to time delegate the powers or duties of such Officer to any other Officer or any Director whom it may select.

4.04. Removal and Resignation.

- A. Any officer may be removed upon the affirmative vote of a majority of the Directors whenever in their judgment the best interests of the Association will be served thereby.
- B. Any officer may resign at any time by providing Notice to the Board, the President, or the Secretary of the Association. Any such resignation shall take effect upon receipt of such Notice or at any later time specified therein. An officer may resign and remain on the Board.

4.05. President.

- A. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and affairs of the Association.
- B. The President shall preside at all meetings of the Members and of the Board and shall be ex officio a member of all committees.
- C. The President shall have the general powers and duties of management usually vested in the office of president of a nonprofit corporation, and shall have such other powers and duties as may be prescribed by the Governing Documents.

4.06. Vice President.

- A. The Vice President shall perform such duties, as the Board shall prescribe.
- B. In the absence or disability of the President, the President's duties and powers shall be performed and exercised by the Vice President.

4.07. Secretary.

- A. The Secretary shall maintain or cause to be maintained a membership list and a directory of contact information of all Members. The membership list shall include the name and address of the Owner of each Lot and other information including email address, where available, and whether electronic opt-in for Notices has been given. The Secretary may accept, as satisfactory proof of such ownership, a duly executed and acknowledged conveyance, a title insurance policy, or other evidence reasonably acceptable to the Board.
- B. Where external services are contracted to provide administrative support to the Association, the Secretary shall oversee or supervise those services.
- C. The Secretary shall keep or cause to be kept Minutes of all meetings of Directors and Members showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the Notice given, the names of those present at Board

meetings, the number of Memberships present or represented at Association meetings and the proceedings thereof.

- D. The Secretary shall coordinate or cause to be coordinated and maintained the Notices and Records produced by the Board and all committees.
- E. The Secretary shall give or cause to be given Notice of the meetings of the Members and of the Board as is required by these Bylaws.
- F. The Secretary shall generate or cause to be generated Resale Certificates.
- G. The Secretary shall maintain or cause to be maintained lease agreements.
- H. The Secretary shall generate or cause to be generated orientation packets.
- I. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Governing Documents.

4.08. Treasurer.

- A. Where external accounting services are contracted to support the actions described below, the Treasurer shall oversee or supervise those services.
- B. The Treasurer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements for both the Operating and the Reserve Funds. The books of accounts shall at all reasonable times be open to inspection by any Director.
- C. The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board.
- D. The Treasurer shall disburse or cause to be disbursed the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Association.
- E. The Treasurer shall collect and record or cause to be collected and recorded any fees or fines duly assessed including late fees and interest.
- F. The Treasurer shall have such other powers and perform such other duties as may be prescribed by the Governing Documents.

ARTICLE 5. COMMITTEES

5.01. Composition and Operation.

- A. Composition. All committees shall include at least one Director and should include at least three Members. Any committee with authority to act on behalf of the Board shall include two Directors and shall be chaired by a Director. All committees shall hold office at the pleasure of the Board.
- B. Operation. Committees shall be charged with a list of responsibilities. These charges will be compiled by the President and approved by the Board. Committees will draft their own

rules of operation respecting all Covenants, Bylaws, applicable laws, Association Governing Documents, and be subject to Board review or approval. Committee Chairs shall submit periodic reports, as directed by the President, to the Board outlining their progress in completing their charges.

- C. Open Meetings. The intention of all committees, with the exception of the Executive Committee, is to be open to all Members. Day to day responsibilities may preclude meetings that would solicit input. Workshops to draft documents and solicit input shall be announced electronically.
- D. Rules and Regulations. All committees may develop rules and regulation for operation subject to Board review and approval which shall become Governing Documents.

5.02. Villages Review Committee (VRC). The VRC, as defined in the Covenants, has the authority to act for the Board in matters described in the Covenants as “General Use Restrictions” and any other standards established in the Governing Documents such as the Villages Community Standards (VCS). The VRC shall respect the property rights of all individual Members and is tasked to protect the rights of all Association Members with respect to the Governing Documents of the Association.

- A. The primary responsibility of the VRC are:
 - (1) Advise. The VRC provides a resource to Homeowners regarding the interpretation of and application of Community Standards, Rules, and Regulations; and
 - (2) Review, Approve, or Reject: The VRC reviews requests for updates, changes, and additions to homeowner property (including structures, fences, walls, roofs, driveways, landscaping, window trimmings, etc.) and either approves or denies the requests.
- B. Approval or Rejection. Formal requests for changes shall become a Record and the VRC shall provide Notice to the requesting Members of a decision. The VRC may require Members to contact adjacent neighbors or Village governance prior to making a decision. Approval requires a majority of VRC Members and rejection requires both Directors to reject which may then be passed to the entire Board at VRC discretion or by Member appeal.
- C. Approval Required. No building, fence, wall or other structure shall be commenced, erected or maintained within the Community, nor shall any exterior addition or change or alteration therein be made within the Community until the plans and specifications showing the nature, kind, shape, height, materials and location of the same have been submitted to be reviewed and approved by the VRC. Such reviews shall consider the harmony of external design and location of external changes in relation to surrounding structures and topography. VRC approval or rejection shall be via a Notice and Record. In the event the VRC fails to approve, reject, place the request on hold, or requests additional information of such design and location within thirty (30) calendar days after said plan and specifications have been submitted, approval will not be required. In addition to submitting plans and specifications, Owners are responsible for obtaining proper governmental approvals or permits. For major changes, a bond or other surety may be

placed on the Owner to guarantee the proposed construction is completed in a timely and complete manner as approved by the VRC.

- D. Enforcement. By either observation or from a complaint, the VRC shall initiate enforcement as necessary and appropriate by Notice and a Record. If remedy is not made or behaviors continue, the VRC shall initiate remedial actions, fees, fines, or any other remedy specified in Association Governing Documents.
- E. Meetings. The majority of VRC actions will be among individual VRC members and individual Owners. In the case of any approvals or rejections, a VRC vote must occur and become a Record. In addition, the VRC shall meet at least twice annually either independently or as an agenda item in a Board meeting open for Member input.
- F. Records. Actions noted herein shall be entered into an electronic Record available to the Board or any Owner on request.
- G. Operation. This committee shall establish rules of operation as defined above.
- H. Appeal. Any Owner affected by a decision of the VRC may appeal such action to either or both the VRC and the Board by Notice within ten (10) calendar days of the decision. In any appeal, any remedial actions, fees, or fines shall be suspended until the appeal is heard.
- I. Villages Community Standards (VCS). The VRC shall establish the VCS pertaining to the Community. Such standards shall be reviewed and approved by the Board and made available electronically for all Members. Electronic Notice shall be given to Owners of any changes. The standards may include but are not limited to:
 - (1) Height and size of residences and/or living Units;
 - (2) Building locations and set-back lines;
 - (3) Construction time;
 - (4) Drainage;
 - (5) Parking areas and garages;
 - (6) Storage of vehicles, including recreational vehicles and trailers;
 - (7) Walls, fences, and plantings;
 - (8) Landscaping and vegetation;
 - (9) Exterior lighting, noise, and visible items;
 - (10) Exterior Paint Colors;
 - (11) Roofing materials and appurtenances attached thereto;
 - (12) Communication dishes and antennas;
 - (13) Allowed pets and animals;
 - (14) Rubbish and trash;
 - (15) Pest control;
 - (16) Fireworks;
 - (17) Drones;
 - (18) Temporary structures;
 - (19) Riparian zone (creek side) compliance with local, state, and federal law;
 - (20) Signs, commercial activities, and operations; and
 - (21) Use of streets, walkways, Common Areas, and green belts.

5.03. Finance Committee. The Finance Committee is a standing committee chaired by the Treasurer or other Director so appointed.

- A. Prepare Operating Budget. The annual Budget shall be presented for Board review, revision, and approval in advance of the annual meeting for each year with sufficient time to provide fourteen (14) to fifty (50) calendar days Notice. During the year the Finance Committee shall monitor expenses and alert the Board of any significant concerns.
- B. Ratify or Amend Reserve Fund Budget. The Finance Committee shall have a working knowledge of the Reserve Budget and following recommendations of the Common Area and Reserve Study Committee, the Reserve Budget shall be presented for Board review, revision, and approval in advance of the annual meeting providing sufficient Notice.
- C. Meetings. The Finance Committee shall meet as needed and shall provide Notice electronically for interested Members to attend.
- D. Budget Review. In conjunction with a Fall Board meeting, a budget review workshop shall be held for Board and Member review, comment, and input for the next annual budget.
- E. Delinquency. Several members of the Finance Committee shall monitor delinquencies, authorize, via a Notice and Record, any late fees and the commencement of interest, and advise the Board of any significant delinquencies in order to commence further actions outlined in the Board approved Delinquent Dues Policy.
- F. Operation. The Finance Committee shall establish rules of operation as defined above.

5.04. Common Area and Reserve Study Committee. This is a standing committee responsible for monitoring the state of Common Areas, coordinating the actions required for Common Area maintenance, and oversight of the reserve study.

- A. Work with landscapers and utility providers to ensure the maintenance of all Common Areas.
- B. Coordinate through the Treasurer and Board for budgeted and unbudgeted maintenance.
- C. Assist Villages with their specific maintenance needs.
- D. Prepare both annual and long term (3 to 30 year) projections of maintenance needs of Common Areas.
- E. Oversee and manage the reserve study. Coordinate with the Finance Committee to provide and establish adequate funding for the reserve budget.
- F. Maintain and update a Common Areas Maintenance List identifying both operating and reserve Association maintenance responsibilities. This list shall be reviewed and updated annually in conjunction with the reserve study to be presented for Board review, revision, and approval no later than October of each year. The Reserve Fund budget will be included with the Operating Fund budget for ratification at the annual meeting.

5.05. Strategic Planning Committee. The responsibility of this committee is to plan into the future (30 years) in conjunction with the Common Area and Reserve Study Committee for overall needs of the Community including need for professional support.

5.06. Block Watch/Safety Committee. The Block Watch/Safety Committee keeps abreast of and follows current crime prevention guidelines under the guidance of the College

Place Police Department and the National Neighborhood Watch program “best practices” recommendations. Using Village and Board leadership for communication support, the committee notifies residents of the Community of local criminal activity and crime prevention educational events, suggesting effective ways to reduce risk with guidance from our local law enforcement agencies as needed.

5.07. The Board may establish other standing or ad hoc committees as needed.

ARTICLE 6. FINANCE, BUDGET, HANDLING OF FUNDS

6.01. Operating Fund. The monies of the Association collected for operations, fees, and fines shall be deposited in the name of the Association in such bank or banks or trust companies as the Board shall designate and shall be drawn out only by check or other order for payment of money signed by such persons and in such manner as may be determined by resolution of the Board.

6.02. Reserve Fund. The monies of the Association collected for the Reserve Fund shall be deposited in the name of the Association in such bank or banks or trust companies as the Board shall designate. Reserve Funds shall be drawn out for budgeted reserve expenses or unbudgeted reserve expenses by vote of the Board. Reserve Funds shall be drawn out only by check or other order for payment of money signed by such persons and in such manner as may be determined by resolution of the Board.

- A. The Reserve Fund shall be maintained in accounts distinct from the Operating Fund.
- B. The Reserve Fund is for replacement of common properties that will normally require replacement in whole or in part in more than three (3) and less than thirty (30) years.
- C. The Reserve Fund need not include those items that could reasonably be funded from operating Assessments or for those items for which one or more Owners are responsible for maintenance and replacement.
- D. Use of reserve funds for unbudgeted non-reserve expenses shall provide Notice to all Owners and abide by appropriate Washington law.

6.03. Other Accounts. The Association may maintain separate accounts, such as for Village expenses, to properly provide for the operation and maintenance of the property. Such accounts shall be managed in accordance with Association Operating Fund and Reserve Fund. All accounts shall comply with Washington law, as amended.

6.04. Budgets. The Finance Committee shall present Operating and Reserve Budgets to the Board for review, amendment, and approval. The proposed budget shall be included in the Notice for the Annual Meeting for ratification by the Association. Unless at that meeting Memberships to which a majority of the votes in the Association are allocated reject the budget, the budget and the Assessments against the Units included in the budget are ratified, whether or not a quorum is present. The Budget shall include:

- A. The projected income to the Association by category;

- B. The projected Common Expenses by category for Operations;
- C. The amount of Annual Assessment per Unit will be stated;
- D. The amount of Annual Assessment budgeted for contribution to the Reserve Fund and the projected expenses by category from the Reserve Fund;
- E. A statement of whether the Association has a reserve study that meets the requirements of Washington law and, if so, the extent to which the budget meets or deviates from recommendations of that reserve study; and
- F. The current deficiency or surplus in reserve funding.

6.05. Reserve Study. The Reserve Study is supplemental to the Association's Operating and Reserve Budgets and shall be made available for budget ratification. An updated reserve study must be prepared annually. At least every third year the reserve study must be prepared with a reserve study professional based upon a visual site inspection conducted by the reserve study professional. The Reserve study shall state whether it is full, update with visual site inspection, or update with no visual site inspection. The Reserve Study shall include:

- A. Identification of all items for which reserves are to be established;
- B. The estimated remaining useful life of each item as of the date of the reserve study;
- C. An estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and
- D. A thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair, and replacement schedule

6.06. Audits. The financial statements of the Association must be audited at least annually by a certified public accountant. An annual financial statement consisting of a balance sheet and income and expense statement for the preceding year shall be rendered by the Board to all Owners and to all Mortgagees who have requested the same within ninety (90) calendar days after the end of each fiscal year. From time to time, the Board, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the Members. At any time, any Owner or holder of a Mortgage may, at their own expense, cause an audit or inspection to be made of the books and records of the Association during business hours or at a reasonable time.

6.07. Fiscal Year. The fiscal year of shall begin January 1 and end December 31st.

ARTICLE 7. ASSESSMENTS

7.01. Types and Collection. The Assessment Article of the Covenants defines types of Assessments.

- A. Annual Assessment. The Annual Assessment is divided into monthly payments due at the first (1st) of the month. Payments received after the fifteenth (15th) are late and may be

subject to late fees and interest. Each Owner shall pay, or cause to be paid, all Assessments due to the Treasurer of the Association.

- B. Special Assessments. Any Special Assessment proposed by the Board for unanticipated expenses shall be included in a Notice for the Annual or a Special Meeting for ratification by the Association. Unless at that meeting Memberships to which a majority of the votes in the Association are allocated reject the Special Assessment, the Special Assessment is ratified, whether or not a quorum is present. The Board may provide that the Special Assessment be due and payable in installments over any period it determines and may provide a discount for early payment. Historically, the Association has avoided Special Assessments by utilizing contingency funds, reserve funds, or deferral as appropriate.
 - C. Individual Assessments. Individual Assessments include any Village Assessments identified in Article 8, lapsed fees or fines, damages, or any other Owner specific expenses identified in Covenants, Bylaws, or Governing Documents. Individual Assessments shall be incorporated, in whole, to the current month amount due, as noted in the Annual Assessment.
- 7.02. Fees and Fines. Fees and fines are due within ten (10) calendar days of assessment. The Association policy is to forgive an initial fine or fee where feasible, please contact a Village leader or the VRC promptly. Owners may request a hearing with the VRC or appeal to the Board, as noted in the Fees and Fines Schedule. Any fine or fee due more than ten (10) calendar days, and not pending a hearing or appeal, shall be added to the next month's statement and be subject to late fees and interest. In the event of a hearing or appeal, fees and fines shall be suspended until a determination is made by the VRC or the Board.
- 7.03. Statements of Assessments Due. The Association shall provide a monthly statement showing payments made and amount due including any Individual Assessments.
- 7.04. Proceeds Belong to Association. All Assessments and other receipts received by the Association on behalf of any Lot shall belong to the Association.
- 7.05. Failure to Assess. Any failure by the Board or the Association to make the budget and Assessments hereunder before the expiration of any budget period for the ensuing period shall not be deemed a waiver or modification in any respect of the provisions of the Declaration or a release of the Owners from the obligation to pay Assessments during that or any subsequent time period, and the monthly Assessments and amounts previously established shall continue until a new Assessment is established.
- 7.06. Certificate of Unpaid Assessments. Upon the request of any Owner, Mortgagee, prospective purchaser, or prospective Mortgagee of a Lot, the Board shall furnish within fifteen (15) calendar days after a request therefor, a certificate in recordable form stating the amount, if any, of unpaid Assessments charged to the Lot. The certificate shall be binding upon the Board, the Association, and every Owner as to the amount of such indebtedness on the date of the certificate unless, and to the extent known by the recipient, to be false.

ARTICLE 8. ROLES OF VILLAGES

- 8.01. Authority. Each Village is delineated by subdivision or division within the planned unit development and shall have the right, power, and authority to govern, resolve, and control all issues which relate to and are distinct to that Village as compared to the entire Association. This governance and authority shall be limited to those issues, acts, omissions, or conduct which have been specifically delegated or identified by the Board as being unique to a Village such that only the Members within that Village shall have a right to vote on such matters. Such matters shall be specific rules of Lot usage, community standards, and the like; provided, however, that no rules adopted by any Village shall be in conflict with any Governing Documents established for the Association as a whole.
- 8.02. Rules and Regulations. The Members of any Village may adopt rules and regulations for their Village subject to Association Board review.
- 8.03. Inconsistency. No Village shall have the authority to adopt any rules or regulations which are inconsistent with Association Governing Documents.
- 8.04. Assessments. Villages shall have the authority to establish Assessments only upon authorization from the Board, the Association, or otherwise identified in the Covenants and Bylaws and consistent with the Act. Such Assessments shall be considered as Individual Assessments to Members of that Village. Such Assessments shall cover expenses including, but not limited to: shared utility expenses, irrigation repairs not directly attributed to Common Areas or individual Owners, Front Yard maintenance, office supplies, and administrative fees, enhancements made by the Village on behalf of the Village, and any Village specific reserve.
- 8.05. Roles. The Village Roles document shall denote general roles, responsibilities, guidelines, and authority of individual Villages.

ARTICLE 9. INSURANCE AND INDEMNIFICATION

- 9.01. Types of Insurance. For the benefit of the Association and the Owners, the Board shall obtain and maintain at all times, and shall pay for out of the Operating Fund, the following insurance:
- A. Property Damage Insurance. The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and “all risk” endorsements, and such other coverage as the Association may deem desirable.
 - B. Liability. The Association shall maintain comprehensive general liability insurance coverage insuring the Association, the Board, and any managing agent as deemed necessary.
- 9.02. Insurance by Lot Owners. Each Owner shall be responsible for obtaining, at their own expense, homeowner’s insurance covering the Improvements on the Owner’s Lot and liability resulting from use or ownership of the Lot. The insurance coverage maintained

by the Association shall not be brought into contribution with the insurance obtained under this section by the Owners

ARTICLE 10. GENERAL PROVISIONS.

10.01. Notices.

- A. All Notices to the Association or the Board shall be delivered in writing or electronically as specified on the Association website.
- B. All Notices to Members shall be personally delivered, electronically if Member has opted-in for electronic, or sent to Member's Unit or to such other address as may have been designated by the Member in writing to the Board.
- C. Owners who have not opted-in for electronic Notice may be assessed an annual fee for administrative expenses to copy, mail, and record.

10.02. Records. The Association shall retain correct and complete financial Records sufficiently detailed for proper accounting purposes. The Association shall keep minutes of the proceedings of its Members, the Board, and committees having authority delegated by the Board. Records include:

- A. The current budget, detailed Records of receipts and expenditures affecting the operation and administration of the Association, and other appropriate accounting Records within the last seven years;
- B. Minutes of all meetings of the Members and the Board, other than Executive Sessions; a Record of all actions taken by the Members or the Board; a Record of all actions taken by any committee having authority delegated by the Board;
- C. The names of current Members and the addresses used by the Association to communicate with them.
- D. The Articles, Covenants, Bylaws and all other Governing Documents;
- E. All financial statements of the Association for the past seven years;
- F. A list of the names and addresses of the current Directors and Officers;
- G. Copies of contracts to which the Association is or was a party within the last seven years;
- H. Materials relied upon by the Board or VRC to approve or reject any requests, for a period of seven years after the decision is made;
- I. Materials relied upon by the Board or VRC concerning a decision to enforce the Governing Documents, for a period of seven years after the decision is made;
- J. Copies of insurance policies under which the Association is a named insured;
- K. Copies of all Notices provided to Members or the Association in accordance with this chapter or the Governing Documents;
- L. Ballots, proxies, and other Records related to voting by Members for one year after the election, action, or vote to which they relate;
- M. In accordance with Washington State law, any non-electronic public Records retained by the Association must be made available for examination and copying by Members, holders of Mortgages on the Units, and their respective authorized agents. For any significant

request, the Association may charge a reasonable fee for producing and providing copies of any Records and for supervising the Member's inspection;

- N. Inspection of Books and Records. Association Records will generally be available electronically on the Association website. The Association shall make available to Members, prospective purchasers and lenders, and to holders of any Mortgage of a Lot, current copies of the Covenants, Articles, Bylaws, other Governing Documents, amendments or supplements to such documents and the books, Records, financial statements and current operating budget of the Association. Documents not on the public website may be sent electronically. Requests for paper copy of electronically available material retained by the Association may be charged a reasonable fee for producing and providing copies of any Records and/or for supervising inspection.

10.03. Conflicts. These Bylaws are intended to comply with the State of Washington nonprofit corporation law, homeowner association and common interest community law, the Covenants, and the Articles. In case of any irreconcilable conflict, such statutes and documents shall control over these Bylaws.

ARTICLE 11. AMENDMENTS TO BYLAWS

- 11.01. How Proposed. An amendment to these Bylaws may be proposed by the Board or if Memberships holding twenty percent (20%) or more of the votes in the Association request such an amendment in writing to the Board. The Board shall prepare a proposed amendment and shall provide the Members with a Notice in a Record containing the proposed amendment and at least thirty (30) calendar days advance Notice of a meeting to discuss the proposed amendment. Following such meeting, the Board shall provide the Members with a Notice in a Record containing the proposed amendment and schedule a meeting with thirty (30) calendar days advance Notice to vote on the amendment.
- 11.02. Approval Required. Votes may be cast by proxy, absentee ballot, or in person at a meeting. The amendment shall be deemed approved in accordance with Washington law.
- 11.03. Effective. Once an amendment has been properly adopted by the Members, unless otherwise specified it shall become effective when it is executed and certified on behalf of the Association, signed by the President or Secretary, and is then posted on the Association website and Notice provided to Members.