

AMENDED AND  
RESTATED BYLAWS  
OF  
CRESCENT RIDGE RESORT  
COMMUNITY ASSOCIATION

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**AMENDED AND RESTATED BYLAWS OF  
CRESCENT RIDGE RESORT COMMUNITY ASSOCIATION**

1. IDENTIFICATION OF THE PLANNED COMMUNITY AND THE ASSOCIATION.

The name of the Planned Community is: Crescent Ridge Ranch, P.U.D. The name of the Association is: Crescent Ridge Resort Community Association, which will hereinafter be referred to as the "Community Association".

2. DEFINITIONS.

All terms used in these Amended and Restated Bylaws (the "Bylaws") shall have the same meanings presently ascribed to them in the Washington Homeowners' Association Act, Chapter 64.38 RCW, and/or in the Declaration of Covenants for the Community (hereinafter "the Covenants") recorded in the office of the Auditor of Grant County, Washington, and/or the Articles of Incorporation for the Community Association. The term "Ballot" means a record or electronic transmission designed to cast or register a vote or consent in a form provided by the Community Association. Cumulative Voting is not permitted under these Bylaws. The term "Lot" or "Unit" means either a platted lot in the Planned Community or a unit in a condominium project created within the Planned Community. The term "Owner", as used herein, shall mean the owner of a Lot or Unit. The term "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

3. PURPOSE AND APPLICABILITY OF BYLAWS.

These Bylaws are promulgated to provide for the self-government of the Planned Community and to promote the safety, health, well-being and enjoyment of its members. The administration and management of the Planned Community and the actions of the Owners, the Community Association and its Board of Directors and Officers shall be governed by these Bylaws. All present and future Owners and their tenants, licensees, invitees, agents, employees, family members and any other persons who are permitted to use the property within the Planned Community shall be subject to these Bylaws and to the Rules and Regulations of the Community 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.

4. COMMUNITY ASSOCIATION.

4.1. Form of Association.

The Community Association has been incorporated as a non-profit corporation under the laws of the State of Washington under the provisions of Chapter 24.06 of the Revised Code of Washington (hereinafter known as the "Corporation law"). The Community Association shall remain organized as a nonprofit corporation.

4.2. Law Governing Community Association.

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

4.3. Registered Office and Registered Agent.

The Community Association shall maintain a Registered Agent to receive legal process and official notices on behalf of the Community Association, as required by the Corporation Law. The Community Association’s Registered Agent shall be appointed by the Board of Directors and shall have a business office identical with such Registered Office. The Registered Office of the Community Association shall be located in the State of Washington at such place as may be fixed from time to time by the board of Directors upon filing of such notices with the Secretary of State and elsewhere as may be required by the Corporation law.

4.4. Powers Of Community Association.

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

- (a) Adopt and amend Rules and Regulations and, subject to the provisions of Section 10 hereof, adopt and amend Bylaws for the Community Association;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners, in the manner provided in Section 8.6 hereof;
- (c) Hire and discharge or contract with managers and other employees, agents, and independent contractors;
- (d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Community or the Community Association, but not on behalf of Owners involved in disputes that are not the responsibility of the Community Association;
- (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement, and modification of Common Areas;
- (g) Cause additional improvements to be made as a part of the Common Areas;

(h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property.

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

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

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

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

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

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

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

#### 4.5. Membership.

4.5.1. Basic Provisions. Each fee Owner or real estate contract vendee of a Lot in the Community shall be a Member of the Community Association. Ownership of a Lot shall be the sole qualification for membership in the Community Association, and the membership of the Community 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 Community Association. The term "Owner", as used in the remainder of these Bylaws, shall be deemed the equivalent of the term "Member", as used in the Corporation Law, unless the context otherwise clearly requires.

4.5.2. Member in Good Standing. A Member shall be considered a "Member in Good Standing" when such Member has paid all required dues, charges and assessments owing by such Member, and has not been found to have violated other provisions of the Governing Documents.

4.5.3. Rights and Privileges of Membership. Members in Good Standing shall have the right to run for and hold positions as Directors or Officers of the Community Association. Members in Good Standing, their immediate family members, well-behaved guests and lawful tenants of Owners shall also have the privilege of using any recreational facilities, swimming pools, restrooms, special services and/or facilities provided by the Community Association for use by its Members, above and beyond basic rights of ingress, egress and support which are not dependent

upon Good Standing status. Such rights and privileges are subject to payment of all dues, charges or assessments as may be lawfully imposed by the Board of Directors from time to time, and are further subject to remaining in compliance with all other provisions of the Governing Documents. A Member who fails to pay all required dues, charges or assessments, or who is found to have violated other provisions of the Governing Documents in a proceeding conducted under Section 7.10 hereof, shall cease to be a Member in Good Standing and may lose any or all of the foregoing rights and privileges of membership until such time as the Member shall make all required payments and/or satisfy any conditions required of the Member in such proceeding.

#### 4.6. Transfer of Membership.

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

#### 4.7. Meetings.

4.7.1. Place of Meetings. Meetings of the Community Association shall be held at such place within the County within which the Community is situated as may be designated by the Board of Directors and stated in the Notice of the Meeting. Meetings may be held in person or virtually, including via the internet or similar technology utilizing virtual meeting platforms.

4.7.2. Annual Meetings. There shall be an Annual Meeting of the Community Association in the first or second quarter of each year. The Annual Meeting of the Community Association shall be held for the election of Directors and the conduct of such other business as may be properly brought before the Meeting. At the Annual Meeting, there shall be presented a report containing the following information:

(a) A balance sheet and a revenue and expense statement of the Community Association prepared on an accrual basis, which shall be current to sixty (60) days - the balance sheet should show the condition of the Community Association's reserve account;

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

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

4.7.3. Special Meetings. Special Meetings of the Community Association may be called at any time for the purpose of considering matters which by the terms of the Governing Law or Governing Documents require the approval of all or some of the Owners, or for any other reasonable purpose. Such Meetings shall be called by written notice of the Secretary of the Community Association [a] upon the decision of the President, or [b] after request signed by a

majority of the Board, or [c] by written request by of not less than ten percent of the Owners. Only matters described in the Notice of a Special Meeting may be considered at such a Meeting, and the order of business at a Special Meeting shall generally conform to the order specified in the Notice of such Meeting.

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

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

4.7.6. Manner and Content of Notice. The Notice of any Meeting of the Community Association shall be delivered by one or more of the following methods: hand-delivered, electronic transmission (including email or facsimile transmission), or sent prepaid by first class United States mail to the mailing address of each Lot or to any other mailing address designated in a Record by the Owner. With the advance written consent of any Owner, or in the event that legislation otherwise permits, Notice may also be provided electronically, to an e-mail or other electronic address specified by the Owner for such purposes. The Notice of any Meeting shall state the date, time and place of the Meeting, and the items on the Agenda to be voted on by the Members, including without limitation, if appropriate, a list of the candidates seeking to be elected as Directors of the Community Association, all information required to be delivered to Owners in conjunction with the development of the Community Association's Annual Budget, the nature of any proposed amendment to the Covenants or Bylaws, and any proposal to remove a Director.

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

#### 4.8. Voting.

4.8.1. Voting Rights. Each Owner has a right to vote at Meetings of the Community Association for the election of Directors and with respect to such other matters that are not within the powers of the Board of Directors as may lawfully come before the Meeting. Each Owner shall be entitled to one vote for each Lot owned by such Owner on each matter submitted to a vote of the Owners. If an Owner owns more than one (1) Lot, such Owner shall be entitled to cast one (1) vote for each Lot. In the event that a Lot is owned by the Community Association the Community Association shall, through the Board, get to cast one (1) vote per Lot. Cumulative voting shall not be permitted.

4.8.2. Joint Owner Disputes. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. Since a Lot may be owned by a corporation, partnership, marital community, limited liability company, trust or other legal entity involving or comprising multiple persons, any director, officer, partner in, or trustee of any such entity may be deemed the Owner thereof to cast the vote for such Lot. Where a Lot is owned by more than one person, if only one of such persons is present at a Meeting of the Community Association, in person, by proxy or Ballot, such person is entitled to cast all the vote allocated to that Lot. Any disagreement between such persons must be dealt with outside of the Meeting and if it cannot be resolved among such persons, on their own time, no such vote may be cast. .

4.8.3. Proxies. At all meetings of the Community Association, an Owner may vote in person or by proxy executed in writing by the Owner. Such proxy shall be filed with the Board before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven months after its date of issuance. A proxy or Ballot may be delivered by electronic transmission in accordance with procedures previously approved by resolution of the Board in compliance with the provisions of RCW 24.06.110.

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

4.8.5. Quorums. A quorum is present throughout any Meeting of the Community Association if the Owners of Lots to which at least thirty-four percent (34%) of the votes in the Community Association are allocated are present in person, or by proxy or Ballot at the beginning of the Meeting.

4.8.6. Order of Business. The order of business at an Annual Meeting of the Community Association shall be as follows: (i) proof of Notice of the Meeting; (ii) determination of the presence of a quorum; (iii) approval of the Agenda for the Meeting; (iv) approval of minutes of the previous Meeting of the Community Association; (v) appointment of inspectors of election if applicable; (vi) election of Directors, if applicable; (vii) reports of the Board of Directors, Officers and committees; (viii) unfinished business, if any; and (ix) new business, if any. Items (iv), (viii) and (ix) shall be omitted from the order of business of a Special Meeting held for the sole purpose of electing a Director. Only matters described in the Notice of a Special Meeting may be considered at such a Meeting, and the order of business at a Special Meeting shall generally conform to the order specified in the Notice of such Meeting. New business at an Annual Meeting should include a discussion of whether to conduct an audit of the Community Association’s financial statements, as described in Section 8.5 hereof.

4.8.7. Conduct of Meeting. The President shall preside at Meetings of the Community Association and the Secretary shall keep the minutes of Meetings, for inclusion in the Community Association's permanent Minute Book. Until changed by resolution of the Board of

Directors, Roberts Rules of Order, latest edition, shall govern the conduct of all Meetings of the Community Association when not in conflict with the Governing Law, the Covenants or these Bylaws.

4.8.8. Special Ballot for Village Matters. If requested by the Board of Directors of a Village Association, a special Ballot may be made available to Owners of Lots or Units in such Village, to obtain the vote or agreement of such Owners with respect to matters affecting only such Owners.

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

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

4.10. Voting by Electronic Means. All voting pursuant to the Bylaws and Governing Documents may be, at the discretion of the Board, conducted and tabulated through the use of electronic means, including but not limited to: (i) tabulation of votes from participants in a virtual meeting; (ii) reports generated by votes taken through virtual meeting platforms; or (iii) electronic or internet-based survey and voting platforms (e.g., Survey Monkey, Google Forms, Microsoft Forms, etc.).

## 5. BOARD OF DIRECTORS.

5.1. Declarant Control Period. The Declarant Control Period has ended.

5.2. Management by Owners' Board, Qualifications, Term.

5.2.1. Number of Directors - Restrictions on Voting and Representation. Following the termination of the Declarant Control Period, a Special Meeting of the Community Association shall be held at which a Board of Directors of at least three but no more than five persons shall be elected by the Members of the Community Association. Each such Director shall be elected to a numbered position, to permit the “staggering” of terms provided for in Section 5.2.3 hereof. Voting for Directors shall be restricted such that the Owners of Lots in each Neighborhood that has been created in the Planned Community shall be entitled to elect one (1) Director to the Board, the Owners of Units in any Subordinate Project shall be entitled to elect one (1) Director to the Board, and the Owner(s) of any Commercial Tracts shall be entitled to elect one (1) Director to the Board. In the event that more than three Neighborhoods and/or Subordinate Projects have been created at the time of this Special Meeting, one additional Director may be elected at large, if necessary, to create a

Board comprised of five (5) persons, to promote orderly parliamentary procedure. Newly elected Board members shall take office upon adjournment of the meeting at which they were elected. Promptly following such election, the Board shall elect or appoint the Officers of the Community Association described in Article 6 hereof.

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

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

### 5.3. Meetings.

5.3.1. Annual Meeting. An annual organizational Meeting of the Board of Directors shall be held within forty-five (45) days after each Annual Meeting of the Community Association. No Notice shall be necessary to the newly elected Directors in order legally to constitute such Meeting, providing a majority of the entire Board is present at the Meeting.

5.3.2. Regular Meetings. Regular Meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by the Board of Directors, but at least one (1) Meeting shall be held in each quarter of each fiscal year.

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

5.3.4. Notice and Waiver of Notice. Notice of Regular or Special Meetings of the Board of Directors shall be given to each Director, by mail, receipted e-mail or digital equivalent, receipted telefacsimile or hand-delivery ideally at least four weeks in advance of the Meeting but not less than seventy-two (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 (7) days prior to the next succeeding Regular Meeting. Notice of a Special Meeting shall state the purpose[s] of the Meeting. Notice of a Meeting of the Board of Directors may be waived in a Record by a Director either before or after the Meeting. Attendance at a Meeting constitutes waiver of Notice of that Meeting, except where a Director attends a Meeting for the express purpose of objecting to the transaction of business because the

Meeting is not lawfully called or convened. In a *bona fide* emergency, and if all of the Board members are present and so consent, no Notice shall be required and matters relating to the subject of the emergency may be considered at the Meeting.

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

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

5.3.7. Open Meetings. Except as hereinafter provided, all Meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents. Upon the affirmative vote in open 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 pending litigation, matters involving possible violations of the Governing Documents, or matters involving the possible liability of an Owner to the Community Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict its consideration of matters during the closed portions of the Meeting to only those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board, following the closed session, reconvenes in open 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.

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

#### 5.4. Vacancies.

A vacancy on the Board of Directors caused by any reason, other than removal of a Director by a vote of the Community Association, shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum, or at a Special Meeting called for such purpose. Any person so selected shall serve until the next Annual Meeting of the Community Association. A vacancy occurring on the Board of Directors by reason of the removal of a Director by a vote of the Community Association shall be filled by the Community Association at an Annual Meeting or at a Special Meeting called for that purpose.

5.5. Removal of Directors.

The Owners within the Subordinate Project or the Neighborhood, by majority vote of the voting power in the Community Association present and entitled to vote at any duly constituted Meeting of the Community Association at which a quorum is present, may remove any Director elected to represent such Owners, with or without cause. An at-large Director may be removed by majority vote of the voting power in the Community Association.

5.6. Compensation.

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

5.7. Annual Report of the Board of Directors.

The Board of Directors shall present at each Annual Meeting of the Community Association, and when called for by vote of the Community Association at any Special Meeting of the Community Association, a complete statement of the operative and financial condition of the Community Association, containing at minimum the information required in Section 4.7.2 of these Bylaws.

5.8. Fidelity Insurance.

The Board of Directors may obtain fidelity insurance for any Director, Officer, trustee, volunteer, agent, or employee of the Community Association handling or responsible for Association funds. The policy shall name the Community Association as the named insured and must include a provision that calls for ten (10) days' written notice to the Community Association before the policy can be canceled or substantially modified for any reason. The policy should cover the maximum funds that will be in the custody of the Community Association or its Manager at any time while the policy is in force. A Manager that handles funds for the Community Association may be covered by the Community Association's policy, or may be covered by its own fidelity insurance policy which, if this option is selected, shall provide similar levels of coverage.

5.9. 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 Community Association, and with such care, including

reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. A Director's conduct shall also conform to any "Code of Conduct" or similar resolution adopted by the Board to govern the behavior of Directors. 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 Community Association whom the Director reasonably believes to be reliable and competent in the matter presented; (b) legal counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or (c) a Committee of the Board upon which the Director does not serve, duly designated in accordance with a provision in the Bylaws, as to matters within its designated authority, which Committee the director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

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

#### 5.11. Right to Indemnification.

The Community 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 Community Association or the Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents. Directors and Officers shall not be personally liable for contracts made by them on behalf of the Community Association. The Community 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 he or she is or was a Director or Officer of the Community Association against amounts paid in settlement incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Community Association, to the fullest extent authorized by

RCW 23B.08.320, and 23B.08.500 through 23B.08.600, and any amendments thereto, irrespective of the fact that the Community Association is not incorporated under RCW 23B. See RCW 23B.17.030.

5.12. Neighborhood Committees.

Each Neighborhood in the Planned Community shall be represented by a Committee composed of the Director representing that Neighborhood pursuant to Section 5.2.1 hereof and, at the discretion of such Director, one or more additional persons possessing an interest in the affairs of the Neighborhood. The charter and purpose of the Committee shall be to provide input to the Board of Directors respecting the needs and wishes of Owners of Lots in the Neighborhood, along with advice concerning the Upkeep of any Limited Common Areas serving the Neighborhood.

5.13. Advisory 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.

6.1. Principal Officers.

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

6.2. Appointment of Officers.

The Officers of the Community 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 Community Association; he or she shall

preside at Meetings of the Community Association and shall serve as Chair of the Board of Directors; he or she shall oversee the business of the Community 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 Community 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. He or she shall give Notice of Meetings of the Community Association and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary, with the assistance of the Treasurer, shall compile and keep current at the principal office of the Community 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 Community Association except those which are placed under the control of a Manager. The Treasurer shall deposit all funds of the Community Association in such federally insured financial institution(s) as may be designated by the Board of Directors. He or she shall disburse funds in accordance with the Community Association's Budget and as ordered by the Board of Directors. With the assistance of any accountant or Manager employed by the Community Association, the Treasurer shall keep the books of the Community Association on an accrual basis, with detailed accounts of the receipts and expenditures affecting the Community 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 Community Association's annual financial statement required by Section 8.5 hereof. An Assistant Treasurer may perform the duties and exercise the powers of the Treasurer in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

6.8. Compensation of Officers.

No Officer shall receive any compensation from the Community Association for acting as such. An Officer shall be reimbursed for reasonable out-of-pocket expenses incurred by him or her in the performance of his or her duties.

6.9. Liability of Officers and Indemnification.

See Sections 5.8, 5.9 and 5.10 of these Bylaws.

7. ENFORCEMENT OF PROVISIONS OF GOVERNING DOCUMENTS.

7.1. Authority of the Board.

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

7.2. Abatement of Violations – Suspension of Utilities, Etc.

A violation of provisions of the Governing Documents relating to the Common Areas shall give the Community Association the right to abate unauthorized structures or conditions within the Common Areas caused by such violation. PROVIDED, that this remedy shall not be utilized when a breach of the peace may ensue. Privileges of using certain facilities and services of the Association may be terminated for violations of the Governing Documents. See more detailed provisions in the Declaration.

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 Community Association or, if appropriate, by any aggrieved Owner, and shall not constitute an election of remedies.

Costs and Attorney's Fees.

The Community 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 Community 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 Community Association, the costs and attorney's fees so awarded shall constitute a Specially Allocated Assessment against the Owner's Lot.

7.4. Late Charges and Interest.

The Board may impose and collect reasonable late charges to encourage prompt payment of Assessments. Delinquent Assessments shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, or the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

7.5. Fines.

The Board may impose and collect reasonable fines against Owners for violations of the Governing Documents. PROVIDED, however, that no fine may be levied unless (1) the Board has by resolution established a schedule of fines which has been furnished to all Owners prior to the alleged violation, and (2) the allegedly offending Owner has been provided with notice of and an opportunity to be heard at a hearing to be conducted pursuant to Section 7.10 of these Bylaws. The amount of any fine so assessed shall be treated as a Limited Common Assessment against such Owner's Lot.

7.6. No Waiver of Rights.

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

7.7. Remedies Cumulative.

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

7.8. Alternative Forms of Dispute Resolution Authorized.

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

7.9. Pre-Sanction Hearings.

In any cases under Section 7.6 or 7.7 of these Bylaws, where a fine or Limited Common Assessment for misconduct is proposed, or when a suspension of membership privileges for violation of the Governing Documents is proposed, or in any other case where the Board, in its discretion, deems necessary or advisable, an allegedly offending Owner shall be afforded the opportunity for a hearing by the Board to determine the appropriateness of the action proposed to be taken. A hearing will be governed by the procedure set forth below:

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

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

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

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

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

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

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

7.9.4. Hearing Procedures. At the hearing, the President, or his or her designee, shall preside. The hearing shall be conducted generally in accordance with the requirements for Meetings of the Board as provided in Section 5.3 of these Bylaws. Any Director who feels that it would be impossible to be fair, objective and unbiased in the proceedings shall disqualify himself or herself from voting prior to the commencement of the hearing. Both the Owner who is the subject of the hearing and the Community Association may be represented by counsel. Minutes shall be taken and,

if requested by either the Community Association or the Owner, the hearing may be recorded either stenographically, or by audio or video tape or equivalent means. After receiving proof of the giving of the two Notices required by Sections 7.10.1 and 7.10.3 of these Bylaws, factual evidence in support of the allegation that a violation has occurred will be received. Live testimony from witnesses with personal knowledge shall be received where practicable. Affidavits or declarations in the form required by RCW 9A.72.085 may, however, be received in lieu of live testimony as the interests of justice may require, and formal adherence to legal rules of evidence shall not be required. Thereafter, evidence from the Owner, in defense or toward mitigation, shall be received. Any rebutting evidence may then be received. Legible copies of all documentary evidence received shall be attached to the minutes of the hearing. At the close of the evidence, both sides shall have the opportunity for legal argument.

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

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

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

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

## 8. MANAGEMENT OF COMMUNITY.

### 8.1. Management by Board of Directors.

The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Community 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

Community Association through a vote of the Owners. The Board of Directors is charged with the responsibility for formulating and adopting all policy decisions affecting the Community.

### 8.2. Professional Management.

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

(a) Requirements. Following the termination of the Declarant Control Period, or sooner with the consent of the Declarant, any 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 (2) 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 Community. The Manager must be able to advise the Board of Directors regarding the corporate and administrative operations of the Community Association and shall employ or retain personnel knowledgeable in the areas of insurance and accounting, contract negotiations, and maintenance of corporate records.

(b) Duties. The Manager shall perform such duties and services as the Board of Directors shall direct. The Manager shall perform all such duties and services relating to the management of the Property, maintaining the Community 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 of performance upon the Manager. Unless the Manager is instructed otherwise by the Board of Directors:

(a) 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 for separately;

(b) adequate financial control procedures shall be established for the responsible handling of cash;

(c) cash accounts of the Community Association shall be maintained in insured accounts and shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the Manager from vendors, independent contractors or others providing goods or services to the Community Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Community Association;

(e) any financial or other interest which the Manager may have in any firm providing goods or services to the Community Association shall be disclosed promptly to the Board of Directors; and a quarterly financial report shall be prepared for the Community Association containing the information required under Section 8.4.1 of these Bylaws.

(f) the Manager shall maintain separate records and bank accounts for the

Community Association and for each condominium association or other common interest community owners' association that uses its services, and shall not have the authority to draw checks upon or to transfer funds from the Community Association's reserve accounts, except as provided in Section 8.3.3 hereof.

(g) 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 Community Association's reserves for repair, renovation and replacement of the Common Areas and other capital expenditures.

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

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

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

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

8.3.3. Reserve Accounts. Any reserve funds shall be kept in one or more segregated, interest bearing accounts, and any transaction involving a withdrawal of such funds, including the issuance of checks, shall require the signatures of at least two (2) persons who are Officers or Directors of the Community Association. A Manager may make deposits into the Reserve Account, with notice to the Board of Directors.

### 8.4. Association Records.

8.4.1. Financial Records. The Treasurer, with the assistance of the Community Association's Manager and accountant, shall keep financial records sufficiently detailed to fully declare to each Owner a true statement of the Community Association's financial condition. The accrual method of accounting should be employed, and any expenses required by the Covenants to be charged to more than one but fewer than all Owners shall be accounted for separately. At minimum, such records shall include:

(a) an "income statement" reflecting all income and expense activity for the

preceding quarter on an accrual basis;

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

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

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

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

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

(g) all canceled checks, bank statements, receipts and vouchers for expenses and other source documents for income and expenses, for up to seven years; and

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

#### 8.4.2. Other Records.

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

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

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

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

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

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

(f) An inventory of all tangible personal property of the Community Association;

(g) If reasonably available, a copy of the Developer's plans and specifications

utilized in the construction of the Common Area improvements;

(h) Insurance policies or copies thereof for the Common Areas and the Community Association;

(i) Any other permits issued by governmental bodies applicable to the Common Areas of the Community;

(j) All written warranties that are still in effect for any portions of the Common Areas, or any other areas or facilities which the Community Association has the responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all owners' manuals or instructions furnished with respect to installed equipment or building systems;

(k) A roster of Owners, Eligible Mortgagees and know tenants and their addresses, telephone numbers and e-mail addresses, if know;

(l) Any employment contracts or service contracts in which the Community Association is one of the contracting parties or service contracts in which the Community Association or the Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service; and

(m) All other contracts to which the Community Association is a party, and correspondence relating thereto.

8.4.3. Ownership of Records, Inspection. All financial records and other books, records and documents of the Community Association are and shall remain the property of the Community Association, but shall be made reasonably available for examination and copying by the Community Association's Manager, any Owner, or the Owner's authorized agents for reasons relating directly to the Community Association and/or the Owner's Membership therein. However, the Community Association shall not release the unlisted telephone number or e-mail address of any Owner without such Owner's consent, and shall protect any other information regarding any or all Owners that may be reasonably considered private and unrelated to Community Association's legitimate affairs, or that are otherwise privileged from disclosure by law. Materials constituting confidential communications between attorneys employed by the Association and its Officers and Directors need not be disclosed until the matter constituting the subject of the attorney(s)' engagement has terminated with prejudice or has been final adjudicated. The Community Association must make available to each Owner of record for examination and copying minutes from the previous Community Association meeting not more than sixty (60) days after the meeting. Minutes of the previous Community Association meeting must be approved at the next association meeting in accordance with the association's Governing Documents. The Community Association may impose and collect reasonable charges for copies and any reasonable costs incurred by the Community Association in providing access to records.

#### 8.5. Preparation and Audit of Financial Statements.

At least annually, the Community Association shall prepare, or cause to be prepared, a financial statement of the Community Association in accordance with generally accepted accounting

principles. The annual financial statements of an association with annual Assessments over a certain dollar amount (currently set at fifty thousand dollars (\$50,000.00) or more) are required by the Act to be audited at least annually by a certified public accountant. This annual audit may, however, be waived on an annual basis if not less than sixty-seven (67%) percent of the votes cast by Owners, in person or by proxy, at a Meeting of the Community Association at which a quorum is present, vote to waive the audit.

8.6. Annual Budget - Development with Reserve Study Requirements.

8.6.1. Budget for Common Expenses and Meeting To Ratify Same. Provisions for the development and ratification of the Community Association's Budget appear in the Covenants. Pursuant to RCW 64.38.025(3), such procedures shall be deemed to govern both general assessments and special assessments.

8.6.2. Special Notice Requirements Related to Reserve Study & Reserve Accounts. As part of the summary of the budget provided to all Lot Owners pursuant to Section 10.2 of the Covenants, the Board of Directors shall disclose to the Owners, pursuant to amendments to the Homeowners Association Act adopted in 2011:

(a) The current amount of regular assessments budgeted for contribution to the reserve account, the recommended contribution rate from the reserve study, and the funding plan upon which the recommended contribution rate is based;

(b) If additional regular or special assessments are scheduled to be imposed, the date the assessments are due, the amount of the assessments per each Lot per month or year, and the purpose of the assessments;

(c) Based upon the most recent reserve study and other information, whether currently projected reserve account balances will be sufficient at the end of each year to meet the Community Association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty (30) years;

(d) If reserve account balances are not projected to be sufficient, what additional assessments may be necessary to ensure that sufficient reserve account funds will be available each year during the next thirty (30) years, the approximate dates assessments may be due, and the amount of the assessments per Lot per month or year;

(e) The estimated amount recommended in the reserve account at the end of the current fiscal year based on the most recent reserve study, the projected reserve account cash balance at the end of the current fiscal year, and the percent funded at the date of the latest reserve study;

(f) The estimated amount recommended in the reserve account based upon the most recent reserve study at the end of each of the next five (5) budget years, the projected reserve account cash balance in each of those years, and the projected percent funded for each of those years; and

(g) If the funding plan approved by the Community Association is implemented, the projected reserve account cash balance in each of the next five (5) budget years and the percent funded for each of those years.

8.7. Reserves for Major Repairs, Replacements, & Insurance Deductibles.

8.7.1. Establishment of Reserves. The Board of Directors shall establish and maintain reasonable reserves for major repairs and replacements. Reserves shall also be established for the deductible under insurance policies obtained by the Community Association, exclusive of earthquake and/or related coverages. The Annual Budget of the Community Association shall always contain provisions for such reserves. The Community Association shall allocate and deposit annually to such reserves the amount budgeted for such reserves in the current fiscal year. The Board may also establish and maintain reserve funds for operations, capital improvements and for such other purposes as may appear advisable. All reserves shall be identified and segregated on the books of the Community Association. The portions of the Lots' Assessments paid into such reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Community Association by the Lot Owners. Such reserves may be expended only for the purposes for which they were established unless the Lot Owners, at a duly-constituted meeting of the Community Association, otherwise decide, or if the process described in Section 8.7.3 hereof is utilized. The Budget may include reserves for any Limited Common Areas, assessable against only the Lot(s) benefitted thereby.

8.7.2. Reserve Study Required by State Law. The Board of the Community Association shall prepare and update a Reserve Study, in accordance with the relevant 2011 amendments to the Homeowners Association Act now codified at RCW 64.38.065. The initial Reserve Study must be based upon a visual site inspection conducted by a Reserve Study Professional. Unless doing so would impose an unreasonable hardship, the Community Association shall update the Reserve Study annually. At least every three (3) years, an updated Reserve Study must be prepared, based upon a visual site inspection conducted by a Reserve Study Professional. In preparing a Reserve Study, the Community Association shall estimate the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget. A Reserve Study shall include:

(a) A reserve component list, including any reserve component that would cost more than one percent of the annual budget of the Community Association, not including the reserve account, for major maintenance, repair, or replacement. If one of these reserve components is not included in the reserve study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current major maintenance, repair, or replacement cost for each reserve component;

(b) The date of the study and a statement that the study meets the statutory requirements;

(c) The level of reserve study performed, i.e.: (i) Level I: Full reserve study funding analysis and plan; (ii) Level II: Update with visual site inspection; or (iii) Level III: Update

with no visual site inspection;

- (d) The Community Association's reserve account balance;
- (e) The percentage of the fully funded balance to which the reserve account is funded;
- (f) Special assessments already implemented or planned;
- (g) Interest and inflation assumptions;
- (h) Current reserve account contribution rate;
- (i) A recommended reserve account contribution rate, a contribution rate for a full funding plan to achieve one hundred percent (100%) fully funded reserves by the end of the thirty (30) year study period, a baseline funding plan to maintain the reserve balance above zero throughout the thirty (30) year study period without special assessments, and a contribution rate recommended by a reserve study professional;
- (j) Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments;
- (k) Whether the Reserve Study was prepared with the assistance of a Reserve Study Professional; and
- (l) Statutory warning language.

8.7.3. Limitations on Withdrawals From Reserve Account. The Community Association may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components. The Board of Directors shall record any such withdrawal in the minute books of the Community Association, cause notice of any such withdrawal to be provided to the mailing address of each Owner or to any other mailing address designated in a Record by the Owner, and adopt a repayment schedule not to exceed twenty-four (24) months unless it determines that repayment within twenty-four (24) months would impose an unreasonable burden on the Lot Owners. Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the reserve study projections or not included in the reserve study may be made from the reserve account without meeting the notification or repayment requirements under this Section.

## 9. NOTICE.

### 9.1. Manner of Notice.

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

9.2. Waiver of Notice.

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

AMENDMENT OF BYLAWS.

Amendments to the Bylaws may be adopted at a duly constituted Meeting of the Community Association if at least two-thirds (2/3) of the votes of Owners present, in person or by proxy, are cast for such Amendment, or without any meeting if all Owners have been duly notified and Owners holding at least a majority of the votes in the Community Association consent in a Record to such amendment. Amendments may be proposed by the Board of Directors or by petition signed by Owners representing at least one-third (1/3) of the votes in the Community Association.

10. MISCELLANEOUS.

10.1. Compliance with Law.

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

10.2. Conflict.

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

10.3. 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.

10.4. Captions.

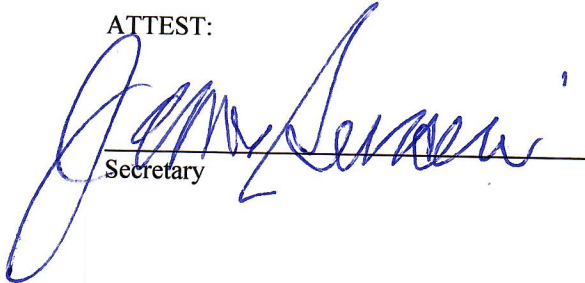
The captions (section headings) of these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

10.5. Gender; Number.

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

IN WITNESS WHEREOF, Crescent Ridge Resort Community Association, a Washington Nonprofit Miscellaneous and Mutual corporation, has caused this instrument to be adopted as its Amended and Restated Bylaws by resolution of its Board of Directors adopted on February 28, 2025.

ATTEST:

  
Secretary