



**KLAHANIE**  
Homeowners Association

# **KLAHANIE ASSOCIATION**

## **Amended and Restated Bylaws**

**Adoption date: January 2018**

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## **Amended and Restated Bylaws of Klahanie Association**

The following Amended and Restated Bylaws of Klahanie Association were approved by the Board of Directors in accordance with Article XXI of the Amended By-Laws of Klahanie Association adopted November 8, 1995 (the "Previous Bylaws").

The President and Secretary of Klahanie Association (the "Association") certify that the Previous Bylaws have been amended as follows and that, unless otherwise expressly provided herein, these Amended and Restated Bylaws supersede and replace the contents of the Previous Bylaws which were in effect at the time these Amended and Restated Bylaws were adopted.

The Association is a Washington non-profit corporation operating under RCW 24.03 and subject to RCW 64.38. The Association was formed to govern the Master Planned Community known as "Klahanie" (the "Property") as described in the Declaration of Covenants, Conditions, Restrictions and Easements for Klahanie: A Master Planned Community (the "Declaration") bearing King County Recording Number 8502060789.

These Bylaws (the "Bylaws") provide for the operation and governance of the Association located in King County, Washington. The purpose of the Association is to carry out the intent and purpose of the Declaration, and to administer and govern the Property as more fully set forth in the Declaration. These Bylaws apply to the entire Property, each Lot and Living Unit therein, and all Common Areas. Each Owner is automatically a member of the Association by virtue of being an Owner. All present and future Lot Owners, Mortgagees and other lienholders, lessees, tenants, licensees, occupants of Units, and their guests and employees, and any other person who may use the facilities of the Property are subject to these Bylaws, the Declaration, the Articles of Incorporation, the Association's Rules and Regulations, Architectural Guidelines, and such other documents lawfully adopted by the Board or the Owners which further define and/or limit the operations of Klahanie (the "Governing Documents"). Words and phrases defined in the Declaration have the same meaning in these Bylaws. The terms "Owners" and "Members" used in these Bylaws are synonymous.

## **ARTICLE 1: MEMBERSHIP; VOTING RIGHTS; REGISTER.**

### **1.1 Name and Location.**

The name of the corporation is Klahanie Association. The principal office of the Association shall be located at the Klahanie Information Center, 4210 244<sup>th</sup> Place S.E., P.O. Box 1, Issaquah, Washington 98027, but meetings of the Directors and the members may be held at such places within the State of Washington, County of King, as may be designated by the Board of Directors, and as hereafter provided.

### **1.2 Membership.**

Every person or entity who is an Owner shall by reason thereof be a Member of the Association. Association membership is appurtenant to the Lot or Living Unit owned. Membership shall not be separated, assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of title to the Lot or Living Unit to which it is appurtenant, and then only to the new fee title Owner. If a Lot or Living Unit has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of membership in the Association, except as hereinafter limited, and shall be the voting representative unless otherwise specified. A prohibited transfer of membership, if made, is void. Corporations, partnerships, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be Members of the Association. Owners of a Lot or Living Unit as joint tenants, tenants in common, community property, or other ownership involving more than one Owner, shall share a joint membership in the Association, and shall share the Lot or Living Unit's allocated vote. When more than one person or entity holds the beneficial fee interest in any Lot or Living Unit, the vote therefor shall be cast as the Owners among themselves determine; and if the several Owners of a Lot or Living Unit are unable to agree as to the casting of their vote, such vote shall not be counted. By written notice to the Association, an Owner who does not occupy the Owner's Lot or Living Unit may temporarily assign the exercise of the Owner's membership rights and Common Area use rights to a specific non-Owner Occupant(s) of the Lot or Living Unit. This does not include the right to vote, which can only be delegated by valid proxy.

### **1.3 Number of Votes.**

The Association shall have one class of voting membership. The Property includes three thousand and ninety (3090) Lots and Living Units combined. Each Lot and each Living Unit has one (1) vote. If a Member owns more than one Lot or one Living Unit, the Member shall be

entitled to cast one (1) vote for each Lot or Living Unit owned, subject to the restrictions on multiple owner Lots or Living Units referenced in 1.2 above.

#### **1.4 No Division of a Vote.**

A Lot or Living Unit's vote (a) shall not be divided, and (b) shall be cast as a single vote. If only one of the multiple Owners of a Lot or Living Unit is present at a meeting of the Association, that Owner is entitled to cast the vote allocated to that Lot or Living Unit. If more than one of the multiple Owners is present, the vote allocated to that Lot or Living Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one of the multiple Owners casts the vote allocated to that Lot or Living Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot or Living Unit. Joint Owners who cannot agree how to cast their Lot or Living Unit's vote on a matter are deemed to have forfeited the right to cast that vote on the matter in question.

#### **1.5 Persons under Disability.**

Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate, or a person holding a valid Power of Attorney, voting on their behalf, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

#### **1.6 Register of Members.**

The Association shall cause a register to be kept containing the names and addresses of all Members of the Association. Persons who purchase an interest in a Lot or Living Unit shall promptly inform the Association of their interest. Persons who claim to be members of the Association must furnish the Association, upon request, with copies of any documents under which they assert ownership of a Lot or Living Unit or any interest in a Lot or Living Unit, and any Mortgages on the Lot or Living Unit.

#### **1.7 Pledged Votes.**

If an Owner is in default under a First Mortgage on a Lot or Living Unit for ninety (90) consecutive days or more, the Mortgagee thereunder shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to such Mortgagee during the continuance of the default. If the Board has been notified of any such

pledge to a Mortgagee, such Mortgagee shall be entitled to vote on all issues as to which the Owners are entitled to vote during the continuance of default. In the event the record Owner or Owners have otherwise pledged their votes regarding special matters to a First Mortgagee, or to the vendor under a duly recorded real estate contract, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this Section shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any.

### **1.8 Suspension of Voting Rights.**

The Association, through its Board of Directors, has the right to suspend voting rights and the rights of any Owner (and hence the use by any person claiming the right through the Owner) to use the Common Areas, for a period during which any assessment against his or her Lot or Living Unit remains unpaid, and for a period not to exceed thirty (30) days for any infraction of the Declaration or the Association's published Rules and Regulations, and consistent with and in accordance with the Declaration at Sections 4.11 and 3.8, respectively.

## **ARTICLE 2: MEETINGS OF MEMBERS.**

### **2.1 Place.**

Meetings of the Members of the Association shall be held at any suitable place as may be convenient to the membership and as may be designated from time to time by the Board.

### **2.2 Annual Meeting.**

A meeting of the Association must be held at least once each year. The annual meeting of the Members of the Association shall be held in the month of March, as fixed by the Board, or on such other date fixed by the Board, which date shall not be less than fourteen (14) nor more than sixty (60) days after notice of the meeting is given to the Members in accordance with Section 2.5 below. At such annual meeting, the Owners shall elect members to the Board and transact such other business as shall properly come before the meeting.

### **2.3 Budget Ratification Meeting.**

All budgets shall be prepared and ratified as set forth in Sections 4.2 and 4.3 of the Declaration, among other sections, and as required by RCW 64.38.025(3) and RCW 64.38.025(4), as amended



from time to time. Budget ratification may take place at the annual meeting or at a special meeting called for that purpose, subject to all notice requirements for the same, which includes providing a budget summary, as further described below, with the meeting notice.

Within thirty days after adoption by the Board of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Owners to consider ratification of the budget, to be held not less than fourteen nor more than sixty days after mailing of the budget summary. Unless at that meeting the Owners to whom a majority of the votes in the Association are allocated (a majority of the total votes of the Association) reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

As part of the summary of the budget provided to all owners, the board of directors shall disclose to the owners:

- (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 owner 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 Association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty 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 years, the approximate dates assessments may be due, and the amount of the assessments per owner 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 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 Association is implemented, the projected reserve account cash balance in each of the next five budget years and the percent funded for each of those years.

#### **2.4 Special Meetings.**

A special meeting of the Association may be called (a) by the President, or (b) upon the written request of a majority of the Board, or (c) upon a written request signed by Owners of ten percent (10%) of the Lots or Living Units. No business shall be transacted at a special meeting except as stated in the notice given thereof unless consented to by each of the Owners present either in person or by proxy.

#### **2.5 Notice of Meetings.**

It shall be the duty of the Secretary to (i) mail by first class prepaid United States mail, (ii) cause to be hand delivered, or (iii) send by electronic transmission, pursuant to and in compliance with Section 3.4 below, to the registered Owner of each Lot or Living Unit (as shown in the current records of the Association) a notice of each annual or special meeting of the Association. The notice shall state the date, time and place where the meeting is to be held, the business to be placed on the agenda by the Board of Directors for a vote by the members, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or Bylaws (if voting is required by the membership for that amendment), any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director. If an Owner wishes notice to be given at an address other than the Lot or Living Unit, the Owner shall designate by notice in writing to the Secretary such other address. The mailing, delivery, or electronic transmission of a notice of meeting in the manner provided in this Section shall be made not less than fourteen (14) nor more than sixty (60) days before the meeting, provided, however, that the notice of meeting may also include notice, as described in Section 2.7, of any Reduced Quorum Meeting that may be held if a quorum is not present at the opening of the meeting.

#### **2.6 Quorum for Meetings of Members**

The presence in person or by proxy of Members holding thirty percent (30%) of the votes of the Association, at the beginning of a meeting, shall constitute a quorum. The Members present at a duly called meeting, at which a quorum was established, may continue to do business until

adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. Where the Board has authorized voting by mail in addition to, or in lieu of, attendance and voting at a membership meeting, the membership votes cast by mail, in such a case, shall also count toward the quorum.

## **2.7 Adjournment of Meetings.**

If the required quorum is not present at the initially noticed date and time for the meeting, the meeting may be adjourned and may recommence, subject to the Section 2.5 notice requirements above, at which time the required quorum shall be fifteen percent (15%) of the total voting power of the Association ("Reduced Quorum Meeting"). If the initial meeting notice included notice of a contingent Reduced Quorum Meeting, the Reduced Quorum Meeting shall be held at the date, place and time stated in the notice. No such Reduced Quorum Meeting shall be held less than forty-eight (48) hours, or more than sixty (60) days following the initial adjourned meeting.

## **2.8 Majority Vote.**

Except as otherwise provided by law, the Declaration, the Articles of Incorporation, or these Bylaws, passage of any matter submitted to a vote at a meeting where a quorum is present shall require the affirmative vote of a majority of the membership votes present and entitled to be cast, in person or by proxy.

## **2.9 Order of Business.**

The order of business at meetings of the Association shall be determined by the Board, but generally will be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Minutes of preceding meeting approved;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors (annual meeting or special meeting called for such purpose);
- (g) Unfinished business;
- (h) New business;
- (i) Adjournment.

## **ARTICLE 3: MEMBERSHIP ACTION.**

### **3.1 Voting.**

The voting rights of the Members shall be as set forth in the Articles of Incorporation and the Declaration, and such voting rights are specifically incorporated herein. Members may cast their vote either in person or by proxy at an Annual or Special Meeting. The Board may also determine to allow voting by written consent, mail, or electronic transmission, in lieu of a meeting, on any matter that would otherwise be voted upon at a meeting. The Board may also allow voting by electronic transmission in lieu of the need to be physically present at a meeting. The requirements and restrictions on voting via electronic transmission are more fully set forth in Section 3.4, below. The form of voting or consent to be utilized for each particular matter before the membership shall be determined by the Board, in the Board's sole discretion.

### **3.2 Voting by Proxy.**

A Member's vote may be cast by a duly authorized proxy for the Member at any meeting of the Association. A proxy shall be in writing and signed and dated by the Owner who is giving the proxy. A proxy shall be filed with the Secretary of the Association before or at the time of the meeting. A proxy may be revoked by a person having an ownership interest in a Lot or Living Unit. An Owner may not revoke any proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated, or if it purports to be revocable without notice. Unless an earlier expiration date is stated in the proxy, a proxy terminates eleven (11) months after its date of execution.

No proxy can be voted except at a meeting of the Association. No proxy can be voted by mail, written consent, via Email or by other electronic means of voting. A written proxy may be electronically transmitted as a Normal Attachment Via Email, as those terms are referenced in Section 3.4 below, with a covering email clearly identifying the Owner giving the proxy, but only for purposes of delivery to the Association's Secretary to be exercised by an Owner that is physically present at a meeting.

### **3.3 Voting by Mail.**

The Board may authorize a vote by mail on any matter that might be voted on by the Members at a meeting, including, but not limited to, the election of directors. Whenever the Board authorizes a vote by mail, the following procedures shall be followed:

(a) **Notice.** The Secretary, or a managing agent or staff person to whom the task has been delegated by the Board, shall send written notice of the vote and a ballot (described below) to all Members not less than fourteen (14) nor more than sixty (60) days before the Cut-off Date by which the ballots must be received in order to be counted. The notice of the vote and ballot must include instructions for completing the ballot, and at a minimum shall include the following:

- (i) the motion to be voted on, or the text of a proposed amendment to be voted on, along with a brief explanation of the proposed action or amendment;
- (ii) if an election of directors, the name of each candidate(s) and a short statement of biography or qualifications for each;
- (iii) a space (a) where the member may exercise the opportunity to vote by indicating approval or disapproval of the proposed motion or amendment and/or (b) if an election of directors, to vote for each open position on the Board, including a blank line designated on the ballot with the option for a write-in candidate;
- (iv) a date and signature line(s);
- (v) the cutoff date and time by which the ballot must be received in order to be counted (the “Cut-off Date”);
- (vi) notice that, if the number of votes received by the Cut-off Date does not equal or exceed the number of votes required to be present at a meeting for a quorum, the Board may, by resolution, and by following the same notice requirements described in Section 2.5, extend the Cut-off Date to a date that is not more than thirty (30) days from the original Cut-off date;
- (vii) the address where the completed ballot must be sent; and
- (viii) if the vote is to be secret, then an inner return envelope – with a space for the Member’s signature, placed on the envelope’s face instead of on the ballot – must be sent to the Members together with the ballot.

(b) **Receiving the Votes.** The Secretary, or a managing agent or staff person to whom the Board has delegated the task, shall inspect and count the total number of ballots received by the Cut-off Date and shall tally the number of votes for and against the motion or amendment, or for each candidate for director, and shall make a written record of the same. The number of signed ballots received must equal or exceed the

number of votes required to establish a quorum if the vote were taken at a meeting and not by mail. If the number of ballots received is less than the number of votes required to establish a quorum, then the Board, by resolution, may extend the Cut-off date to a date that is not more than thirty (30) days from the date of the original Cut-off Date. In such event, the Board shall send a notice to all Members in the form required by 3.3(a) of this Section and include the extended "Cut-off Date." The number of votes approving a matter must equal or exceed the number of votes that would be required to approve such a matter had the voting taken place at a meeting.

(c) **Delivery of a Vote.** Delivery of a vote in writing to the principal office of the Association shall be equivalent to receipt of a vote by mail at such address for purposes of this Section.

**3.4 Notice and Voting Via Email.**

As used in this Section, these words and terms have the following meaning:

**"Consent to Electronic Notice"** means a written statement, in substantially the following form, delivered by a Member to the Association's Secretary or managing agent:

My name is \_\_\_\_\_.

I am an Owner of a Lot or Living Unit located at \_\_\_\_\_ (list Klahanie mailing address for Lot or Living Unit).

My email address ("Email Address") is \_\_\_\_\_.

I consent to receive Membership Meeting Notice(s) and Normal Attachments to such notices sent via Email to this Email Address.

I am authorized to consent to receive electronic notice on behalf of all of the fee title Owners of the above-referenced Lot or Living Unit.

By giving this consent I waive any objection to receiving Membership Meeting Notices and Normal Attachments to such notices sent to me via Email by the Association.

I understand that the Association is not obligated to give notice via email and may still use U.S. Mail only, but if notice is given via Email, that is the only notice I may receive.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**“Consenting Member”** means a Member who has given Consent to Electronic Notice and has not Revoked it.

**“Membership Meeting Notice”** means any notice of a membership meeting, or notice of a vote or Association action or election that would otherwise be given by U.S. mail or hand delivery pursuant to Section 2.5 or 3.3 of these Bylaws. Membership Meeting Notice does not include any required notification by the Association to a specific Member of its intent to take any enforcement or collection action against the Member, nor any other type(s) of notice required by the Declaration.

**“Normal Attachments”** include, without limitation, file formats with any of the following extensions: .doc; .docx; .xls; .xlsx; .pdf; .txt; .jpeg; .jpg; and .html.

**“Revoked”** means that a Consent is no longer valid due to (a) the Consenting Member, or a co-Owner of the Lot or Living Unit, delivering notice to the Association that the Consent is revoked, or (b) two (2) consecutive failed attempts to electronically transmit a Membership Meeting Notice to a Consenting Member.

**“Statute”** means RCW 24.03.005(9), (12-15), and (18-21) and the definitions listed therein, which are incorporated herein by reference.

**“Via Email”** means electronic transmission of information, as used herein a Membership Meeting Notice and any Normal Attachment(s), or a Voting Document, from a sender to a receiver in a form that the sender and receiver can both store electronically and print on a recognized email platform, but it does not include transmissions sent via text message, instant message, Twitter, or a comment posted by a member on a social networking website, webpage, blog, or other similar electronic vehicle. For any Membership Meeting Notice given by the Association to a Consenting Member, “via Email” may also mean posting the notice on an electronic network by the Association and delivering clear instructions to the Consenting Member how to access the notice posted on the network. For a Member to cast a valid vote via Email and for the Association to receive a valid Voting Document, the identity of the sending Member must be clearly stated in the information transmitted, the Voting Document must be received at an email address, location or system that the Association designated for receipt of the Voting Document, and the Board must have authorized electronic voting for the particular matter that is the subject of the vote.

**“Voting Document”** means a ballot or consent concerning a motion, or other action, or proposed amendment to a Governing Document, or the election of directors. The Association’s right to receive a Voting Document via Email specifically includes, without limitation, the right to

conduct elections of directors and to seek membership approval of a proposal via Email, where the Board has first made the determination that electronic voting is authorized and to be utilized for the particular election or membership action at issue.

The Association may, but need not, send a Membership Meeting Notice to a Consenting Member via Email. The Association may receive a Voting Document from a Member via Email, but only where Email voting has been authorized by the Board for the particular action pending before the membership. A Member in good standing whose Voting Document has been received by the Association, where Email voting has been authorized by the Board for the pending action, is considered present for all membership vote counting purposes, including establishing a quorum, determining the percentage of total voting power present and establishing a majority of the votes entitled to be cast that are present, among other items. A vote electronically transmitted to the Association via Email, where Email or electronic voting has not been adopted for the particular matter at issue, will not be counted.

### **3.5 Confidential Ballots.**

The Association's Secretary, or managing agent or staff person to whom the Board has delegated the task, shall take reasonable precautions to keep the identity of the voting Member confidential from all other Owners. Each Member's identity shall be kept confidential, to the greatest extent possible, in all matters requiring Member approval by ballot, or written consent, unless the Board notifies the Owners in the notice accompanying the ballot or written consent that the ballot or written consent shall not be kept confidential.

## **ARTICLE 4: BOARD OF DIRECTORS.**

### **4.1 Number and Qualifications.**

**Directors:** The number of directors shall be seven (7). Six (6) of the directors must be Members. No more than two (2) of the seven (7) positions may be held by any person who is an Owner of a rental unit. If a non-Member director is elected in accordance with Section 4.4, and is either directly or indirectly an employee, agent, representative or relative of an Owner of a rental unit, the non-member Director shall be deemed to be filling one (1) of the two (2) positions which may be held by an Owner of a rental unit. A majority of the Board must be Owners whose primary residence is within Klahanie.



## **4.2 Term of Office.**

Each term of office for a Board position is three (3) years. The terms of the directors shall be staggered so that either two or three director positions will be up for election each year. The Secretary shall keep track of the Board positions that are expiring each year. Elections will occur at Annual Meetings as required by the Declaration, or at a special membership meeting if otherwise made necessary or applicable.

## **4.3 Term Limits.**

A term limit of two consecutive, three-year terms, shall apply to all Board members. After this term limit is reached, all Members and any non-Member serving on the Board are required to take at least one year off from service as a Board member, before standing for election again or being eligible for appointment to the Board. If a Member is appointed to serve out the remaining term of Board position that has been vacated, for whatever reason, then the balance of that term shall count as one of the three year terms for purposes of application of the term limit provided herein. Appointments only count as a full term if they are for a period of 24 months or longer.

## **4.4 Nomination.**

Nomination for election to the Board of Directors shall be made in accordance with guidelines and procedures established by the Board. A member of the Board shall be appointed annually to oversee the nominating process and to ensure all current guidelines are followed.

## **4.5 Election.**

Election of directors shall be by secret ballot. The Members, or their proxies, may cast one vote per Lot or Living Unit for each vacant seat or position up for re-election. The person receiving the most votes for the seat shall be elected to the seat. Cumulative voting is not permitted.

## **4.6 General Powers.**

4.6.1 The Board of Directors shall have the power and authority necessary for the administration of the affairs of the Association consistent with the purposes and objectives set forth in the Governing Documents, and pursuant to the laws of the State of Washington, including, without limitation, the Non-profit Corporations Act, RCW 24.03.035, and the Homeowners Association Act, RCW 64.38.020, unless otherwise provided in, or limited by, the Governing Documents. Without prejudice

to the generality of the foregoing, the Board of Directors shall have the power and duty to:

- 4.6.2 Adopt and publish Rules and Regulations consistent with the Articles of Incorporation, Declaration, and By-Laws, governing the use of the Property, the personal conduct of the Members and their guests thereon. Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the Board or by the representative designated by the Board and in accordance with the procedures as provided in the Bylaws or Rules and Regulations, levy reasonable fines in accordance with a previously established schedule adopted by the Board and furnished to the Owners for violation of the Governing Documents.
- 4.6.3 Exercise for the Association all powers, duties, and authority vested in or delegated to the Association not reserved to the membership by other provisions of these By-Laws or the Declaration or Articles of Incorporation.
- 4.6.4 Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.
- 4.6.5 Employ, appoint, elect or contract with and to remove at pleasure all officers, agents, employees, independent contractors, committee members, or such other persons as are deemed necessary for the operation or governance of the Association, and to prescribe their duties, and fix their compensation, if any.
- 4.6.6 Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting thereof.
- 4.6.7 Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed.
- 4.6.8 As more fully provided in these Bylaws and the Declaration, adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from Owners. The Board is also responsible to allocate the assessment rate subject to all terms and conditions of the Declaration.
- 4.6.9 Procure and maintain adequate liability insurance, adequate hazard insurance, and other insurance deemed necessary or advisable, as more fully provided in the

Declaration on property owned by the Association and covering the administration and operations of the Association.

- 4.6.10 Cause all officers, directors, agents, independent contractors or employees having fiscal responsibilities to be bonded, or to be covered by appropriate levels of fidelity insurance, as it may deem appropriate.
- 4.6.11 Make such expenditures as the Board deems expedient; provided, however, that the Members of the Association, by resolution adopted by a two-thirds (2/3) vote of the votes present and entitled to be cast at any meeting of the Members, may restrict the amount of expenditures which can be made by the Board without prior approval of the Members. Unless so restricted by resolution adopted by a two-thirds (2/3) vote of the votes present and entitled to be cast of the Members of the Association, the Board shall continue to make expenditures in such amounts necessary to fully implement their duty to the Association to fully and completely maintain, repair, replace, improve and otherwise manage all of the Common Areas so as to keep all of the Common Areas in good order, repair and condition and in a clean, healthy and attractive state at all times.
- 4.6.12 Acquire by conveyance, contract, lease, or otherwise, property and rights of occupancy of property for the common benefit of the Members of the Association; and to improve said property by the erection of structures and facilities, all upon such terms and subject to such Rules and Regulations as the Board may determine or as may otherwise be imposed by law and the Governing Documents.
- 4.6.13 Enforce and foreclose the lien of assessments of the Association as may be necessary for collection thereof.
- 4.6.14 Designate representatives to serve on the Architectural Control Committee, to adopt and enforce guidelines, criteria, and procedures governing the Architectural Control Committee and the Owners' compliance with the provisions of Article 6 of the Declaration, and to enforce the provisions of the Declaration pertaining to the lands served by this Association, by the institution of litigation or otherwise.
- 4.6.15 Indemnify any director or officer or former director or officer or other person in the manner and to the extent provided in these Bylaws and in RCW 23B.08.500 through 23B.08.600, as now existing or hereafter amended.
- 4.6.16 Employ a business manager who may exercise the authority of the Board between formal meetings of the Board, if and as specifically set forth by the Board, and

provided that all such authority so exercised shall be reported to the next meeting of the Board and submitted for approval by the Board; failing such approval, such actions of the business manager shall not be effective after the meeting of the Board at which the action is considered except to the extent that formal continuing undertakings may have been made on behalf of the Association that are enforceable as a matter of law. Delegation of power and authority to a managing agent is further limited by Section 3.10 of the Declaration and the restrictions on handling, transfer and withdrawal of funds and other expenditures established in these Bylaws or by other policies and procedures adopted by the Board.

- 4.6.17 Borrow money and pledge or assign its right to future income in the form of assessments related thereto; however the Board shall not have power to borrow money on behalf of the Association or pledge or assign its right to future income in excess of ten percent (10%) of the asset value of the Association unless first specifically authorized by a majority vote (51% affirmative approval) of the total votes of the Association.
- 4.6.18 Institute, defend or intervene in litigation or administrative proceedings in its own name or on behalf of itself or two or more owners on matters affecting the Association, but not on behalf of owners involved in disputes that are not the responsibility of the Association.
- 4.6.19 Make contracts and incur liabilities.
- 4.6.20 Regulate the use, maintenance, repair, replacement and modification of common areas.
- 4.6.21 Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys.
- 4.6.22 Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Areas, which are separate and apart from regular or special assessments.
- 4.6.23 Exercise all other powers that may be exercised in this state by a non-profit corporation and exercise any other powers necessary and proper for the governance and operation of the Association.
- 4.6.24 The Board shall not make political or charitable donations of the Association funds or property.

4.6.25 The Board is not authorized to, nor shall it, adopt or enforce discriminatory rules or regulations or restrictions, nor take any action based on race, religion, national origin, or sex.

#### **4.7 Duties of a Director**

The Board and its directors shall act in all instances on behalf of the Association. A director shall perform his or her duties, including the duties as a member of any committee of the Board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

#### **4.8 Vacancies.**

Vacancies on the Board (except for those due to the removal of a director by a vote of the Association) shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. The appointed director shall serve the balance of the unexpired term of the seat the director is filling. Vacancies not filled by vote of the remaining directors shall be filled by vote of the Owners at the earlier of the next annual meeting or a special meeting called for that purpose. A director elected by the Owners to fill a vacancy shall serve the balance of the unexpired term of the seat the director is filling.

#### **4.9 Removal of Directors.**

At any regular or special meeting of the Association, any one or more of the directors may be removed, with or without cause, by Members holding a majority of the votes in the Association, provided that notice of the proposed removal was given prior to the meeting as set forth in Section 2.5 above. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting before the vote for removal is taken. If a majority of the votes in the Association vote to remove the director(s), a successor(s) may then and there be elected by the Members that are present, in person or by proxy, and entitled to cast a vote, to fill the vacancy thus created and to serve the balance of the unexpired term(s). In addition, a director who has missed three (3) out of six (6) regularly scheduled Board Meetings within a term year (running from the date of appointment or election for 12 consecutive months), shall be deemed to have resigned from the Board and can be removed upon vote of the remaining directors by automatic operation of this provision of the Bylaws. The Board, by majority vote of the then remaining directors, may reinstate the director to the Board upon determination by the Board that the director had a bona fide reason for the absence(s) or that the best interests of the Association

are served by reinstating the director. Any director who was an Owner, but ceases to be an Owner during his or her term, shall thereby be disqualified from serving as a director and shall be treated as having resigned.

#### **4.10 Organizational Board Meeting.**

The first meeting of the newly elected Board shall be held within fourteen (14) days of election at a place to be fixed by the directors at the meeting at which the directors were elected. No other notice to the newly elected directors will be necessary to legally call the meeting.

#### **4.11 Regular Board Meetings.**

Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but shall be held at least quarterly. Notice of regular meetings of the Board shall be given to each director personally or by mail, telephone, or facsimile, at least three (3) days before the day fixed for the meeting. Notice may be given to a director via e-mail if the director has given the Secretary written authorization to give the director notice via e-mail to an e-mail address identified in the written authorization.

#### **4.12 Special Board Meetings.**

Special meetings of the Board may be called by the President or Secretary, or by four (4) members of the seven-member Board, on three (3) days' notice to each director, given personally or by mail, telephone, facsimile, or, if authorized as indicated in Section 4.10 above, by e-mail. The notice shall state the time, place, and business of the meeting.

#### **4.13 Waiver of Notice.**

Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by the director of timely and adequate notice unless the Director expressly challenges the notice when the meeting begins. If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at the meeting.

#### **4.14 Quorum for Board Meetings.**

At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business. The acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting and make a good

faith effort to timely notify the absent directors of the date, time and place to recommence the adjourned meeting. If a quorum of the Board is present when the adjourned meeting is recommenced, then any business which might have been transacted at the meeting as originally called may be transacted without further notice.

#### **4.15 Conference Call Meetings.**

Board meetings are authorized to be conducted in a telephonic conference call, if equipment is used such that all of the participants can hear each other.

#### **4.16 Written Consent to Action.**

Any action which may be taken at a duly called Board meeting may be taken, in lieu of a meeting, by written consent, which sets forth the action taken or authorized, and is approved and signed by all of the directors. Such consent will have the same effect as a unanimous vote.

#### **4.17 Compensation and Loans.**

No director shall receive compensation for any service he or she may render to the Association as a director. However, if and to the extent approved by the Board, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as a director. Reasonable compensation may be paid to any manager while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association. No loans shall be made by the Association to any director or officer. No director, or officer shall be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any officer or director.

#### **4.18 Open Meetings.**

Except as provided in 4.17 below, all Board meetings, regular and special, shall be open for observation by all Owners of record and their authorized agents. The date, time, and location of each regular or special Board meeting shall be posted in the Association office each month and may be posted in any other location approved by the Board or e-mailed to Members who have consented under Section 3.4 above, at the Board's discretion. The Board shall keep minutes of all actions taken by the Board, which shall be available to all Owners.

#### **4.19 Closed Meetings.**

Upon the affirmative vote in open meeting to assemble in closed session, the Board may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the Governing Documents of the Association, and matters involving the possible liability of an Owner to the Association. The motion to move into closed session 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 the consideration of matters during the closed portions of meetings only to 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 and votes in the open meeting on such motion, or other action which is reasonably identified. The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

### **ARTICLE 5: OFFICERS.**

#### **5.1 Designation.**

The principal officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by the Board. The President and the Vice President shall be members of the Board and each may only hold one office. The offices of Secretary and Treasurer may be held by the same person. The directors may appoint such other officers as in their judgment may be necessary or desirable and such other officers need not be members of the Board. All officers must be Members of the Association, except that the Secretary may be a Director who is not a Member.

#### **5.2 Election of Officers.**

The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. Each officer shall hold office for one (1) year unless such officer shall sooner resign, be removed, or otherwise disqualified to serve.

#### **5.3 Resignation and Removal of Officers.**



At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, with or without cause. A successor to the removed officer may be elected at the same meeting. Any officer may resign at any time by giving written notice to the Board. A vacancy in any office may be filled by election by the Board.

#### **5.4 President**

The President shall preside at all meetings of the Association and of the Board and shall have all powers and duties usually vested in the office of the President.

#### **5.5 Vice President.**

The Vice President shall perform the duties of the President when the President is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

#### **5.6 Secretary.**

The Secretary, or the management staff under the supervision of the Secretary, shall record the votes and keep the minutes of all meetings of the Board and of the Association, serve notice of the meetings and shall have custody of the business records of the Association, other than financial records kept by the Treasurer. The Secretary shall also perform such other duties as may be prescribed by the Board.

#### **5.7 Treasurer.**

The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate records and accounts of all financial matters of the Association, and shall have all powers and duties usually vested in the office of the Treasurer.

#### **5.8 Other Officers and Employees.**

Other officers of the Association and any persons employed to assist the officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, and the Association's Governing Documents.

#### **5.9 Managing Agent.**

The Board may, but shall not be required to, contract with an experienced professional Managing Agent to assist the Board in the management and operation of Klahanie and may

delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited in the Declaration, at Section 3.10.

## **ARTICLE 6: COMMITTEES.**

### **6.1 Committees with Management Authority.**

The Board may designate and appoint one or more committees by resolution or resolutions passed by a majority of the Board each of which shall consist of two or more directors. To the extent provided in such resolution, or these Bylaws, these committees shall have and exercise the authority of the Board in the management of the Association. Provided, that these committees shall be expressly limited in their authority to carry out certain acts as specified by the Non-Profit Corporations Act, the Governing Documents, and/or other law. Specifically, without limitation, no committee shall have the authority of the Board in reference to amending, altering, or repealing the Bylaws; electing, appointing, or removing any member of any such committee or any director or officer of the corporation; amending the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, or exchange of all or substantially all of the property and assets of the Association not in the ordinary course of business; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Association; or amending, altering, or repealing any resolution of the Board which by its terms provides that it shall not be amended, altered, or repealed by such committee. The appointment of any such committee shall not relieve the Board, or any individual director, of any responsibility imposed upon it or him or her by law. Any committee decision may be appealed to the full Board, by any Board member.

### **6.2 Architectural Control Committee.**

The Association shall establish and continuously maintain an Architectural Control Committee ("ACC") as provided for in the Declaration at Section 3.9. The Board shall appoint a minimum of three and up to five persons to serve on the ACC, which shall at all times include a minimum of two directors. The ACC shall carry out its duties and obligations as set forth in the Declaration, supplemented by the Association's Architectural Guidelines, and other law. Any committee decision may be appealed to the full Board, by any Board member.

### **6.3 Other Committees.**

Other advisory committees, not having or exercising the authority of the Board in the management of the Association, may be created by resolution or resolutions passed by a majority of the Board, and may be composed of one or more Members of the Association. Members may be appointed to such committees by the President, if the resolution specifically so authorizes, and otherwise by the Board.

#### **6.4 Committee Names.**

Committees shall be designated according to their mission and function, as may be determined from time to time by resolution adopted by a majority of the Board, including, but not limited to, the following management areas: Budget & Finance; Building & Improvements; Common Area Maintenance; Utilities Maintenance; Security & Transportation; Insurance & Accounting; Legal & Bylaws; Regulations & Enforcement; Fines; Annual & Special Meetings; Personnel & Administration; Community & County Relations; and State & Federal Regulations.

### **ARTICLE 7: HANDLING OF FUNDS.**

#### **7.1 Accounts.**

The Board shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the Association. At a minimum, the Board shall establish an operating account for the day to day operations of the Association, and a separate reserve account for the longer term Common Area maintenance, repair and replacement obligations as more particularly described in the Declaration and RCW 64.38. All funds shall be kept solely in the name of the Association. Overall management of these funds shall be the responsibility of the Treasurer of the Association. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents, of the Association and in such manner as are from time to time determined by the Board. In no case shall transfers or withdrawals from reserve accounts be allowed without two authorized signatures.

#### **7.2 Combination and Deposit or Investment of Funds.**

All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select. All funds of the Association shall be kept in accounts or deposits that are insured by agencies of the United States. The funds of the Association shall not be commingled with the

funds of any other association or with the funds of any manager of the Association or any other person responsible for the custody of such funds.

### **7.3 Audit.**

At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association. The financial statement shall be audited at least annually by an independent certified public accountant, but the audit may be waived if sixty-seven percent (67%) of the votes cast by Owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit.

### **7.4 Fiscal Year.**

The fiscal year of the Association shall end December 31<sup>st</sup>.

### **7.5 Contracts.**

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

## **ARTICLE 8: KEEPING RECORDS AND REPORTS.**

The Association or its managing agent shall keep financial and other records sufficiently detailed to enable the Association to fully declare to each Owner the true statement of its financial status. All financial and other records of the Association, including but not limited to checks, bank records, contracts and invoices, in whatever form they are kept, are the property of the Association.

Each managing agent shall turn over all original books and records to the Association immediately upon termination of the management relationship with the Association, or upon such other demand as is made by the Board. A managing agent is entitled to keep copies of Association records. All records which the managing agent has turned over to the Association shall be made reasonably available for the examination and copying by the managing agent for Association business.

All records of the Association, including the names and addresses of Owners and other occupants of the Lots or Living Units, shall be available for examination by all Owners, holders of

mortgages on the Lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the Association or its managing agent. The Association shall not release the unlisted telephone number of any Owner. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to its records.

Notwithstanding the above, privileged documents, documents created pursuant to RCW 64.38.035(2) and secret voting documents shall not be disclosed to Owners.

## **ARTICLE 9: RULES AND REGULATIONS.**

### **9.1 Adoption.**

The Board may, from time to time, consistent with and subject to the provisions of the Governing Documents adopt, amend, and repeal Rules and Regulations for the Association to supplement the other Governing Documents and to enhance and preserve the quiet use and enjoyment of the Property for all Owners, their families, invitees, licensees, lessees, and guests.

### **9.2 Promulgation.**

After adoption by the Board at a Board meeting, or by written consent, the Secretary shall mail a true and correct copy of all Rules and Regulations or amendments thereto, to each Member of the Association as appears on the membership roll of the Association at such Member's last known address, and shall enter upon the records of the Association a certificate of such mailing.

### **9.3 Effective Date.**

Any such Rule or Regulation or amendment thereto adopted by the Board shall be effective commencing at 12:01 a.m. on the thirty first (31st) day following the date of such mailing, unless the Board in adopting the same shall specify some other effective date consistent with the Declaration.

## **ARTICLE 10: INDEMNIFICATION.**

To the fullest extent permitted by law, each member of the Board, each officer, each member of an Association committee, the managing agent, and any other agents or attorneys of the

Association, shall be held harmless by the Association and indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of holding or having held such a position, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by insurance, provided however that liability shall not be limited or eliminated for acts or omissions that involve, gross negligence, intentional misconduct by such a person, or a knowing violation of law by such a person, for conduct violating RCW 23B.08.310, or for any transaction from which the person will personally receive a benefit in money, property, or services to which the person is not legally entitled. In the event of a settlement, the indemnification shall apply only when the Board approves such settlement as being in the best interests of the Association.

## **ARTICLE 11: AMENDMENTS.**

These Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted by the Board at any regular or special meeting of the Board, provided each Board member has received prior notice of the meeting at least ten (10) days prior to the meeting, which notice shall include the proposed amendment to the Bylaws. The Amendment when adopted shall bear the signature of the President, and the Secretary, who shall certify that the amendment was properly adopted and the effective date thereof. Said certification shall be conclusive as to the procedural validity of the Amendment.

## **ARTICLE 12: MISCELLANEOUS.**

In the event of a conflict between the Articles of Incorporation and these Bylaws the Articles of Incorporation shall control. In the event of a conflict between the Declaration and these Bylaws the Declaration shall control. In the event of a conflict between the Articles of Incorporation and the Declaration, the Declaration shall control. The operations of the Association are also governed by the Non-profit Corporation Act, RCW 24.03.005 *et seq.*, and the Homeowners Association Act, RCW 64.38.005 *et seq.*, among other applicable law.