

SUNLAND DIVISION 17 OWNERS ASSOCIATION

Introduction to the Bylaws

Four official documents govern the administration and operations of Sunland Division 17 Owners Association. These are listed below in descending authority:

Washington State Statutes / Revised Codes of Washington (RCW) document the scope, responsibilities, and authority of homeowner associations and are the primary legal source outlining Association authority and operations. The primary RCWs that apply to Sunland Division 17 Owners Association include: RCW 64.38 (Homeowners' Associations) and RCW 64.90 (Washington Uniform Common Interest Ownership Act). This latter Washington State directive includes the following three (3) mandatory paragraphs that must be followed by common interest / plat communities like Division 17: Paragraphs 64.90.080, 64.90.095, and 64.90.525. These three paragraphs direct the CC&R amendment process and outline the voting/approval process for Association budgets, assessments and special assessments. *Amended per March 13, 2019 Board of Directors Meeting minutes.*

Articles of Incorporation establish the nonprofit corporation and introduce its legal name, purpose, and organization.

The Declaration of Covenants, Conditions & Restrictions (CC&Rs) describes the rights and obligations of the membership to the Association and the Association to the membership. The CC&Rs are provided to every Division 17 Unit owner. They cover, but are not limited to, restrictions on the use of the property; member and Association maintenance duties; enforcement powers; lender protection provisions; assessment obligations and lien/collection rights; duty to insure; and dispute resolution. CC&Rs can be amended only by a vote of the general membership.

Bylaws govern the internal operations of the Association and address such provisions as the several powers of the Board; members and officers of the Board; rules for meetings, notices and elections; fiscal management and reporting; record keeping; appointment of member committees, etc. Provisions in the current bylaws permit amendments to be made by the Board or by the general membership. The Board on behalf of the Association and its members shall exercise all the powers enumerated in RCW 64.38.020 and paragraphs 64.90.080, 64.90.095, and 64.90.525 of RCW 64.90 (Washington Uniform Common Interest Ownership Act). *Amended per March 13, 2019 Board of Directors Meeting minutes.*

No provision in these Bylaws discriminates against or places restrictions on individuals protected under state statutes RCW 64.38.028, "Discrimination Provisions in Governing Documents."

Unless otherwise stated, whenever masculine pronouns are used in this document, they pertain to both men and women.

The operating principles of the Board commit each Directors to respect one another and their homeowner neighbors, to approach issues with a willingness to understand alternative perspectives, and to strive for openness and transparency in their deliberations and decision making. In return homeowners are asked to remember that Board members are serving as volunteers. They need homeowner support and assistance to be successful.

BYLAWS

SUNLAND DIVISION 17 OWNERS ASSOCIATION

Article I

1. Name: The name of this Washington nonprofit corporation is SUNLAND DIVISION 17 OWNERS ASSOCIATION, also known as Sunland North.

2. Offices: The business office of the Association is at 125 North Sequim Avenue, Sequim, WA 98382-4328. The Association may also have offices at such other places as the Board may appoint or as the purposes of the Association may require.

3. Purpose: The purpose for which the non-profit Sunland Division 17 Owners Association is formed is to provide for the maintenance, management, preservation, care, safety, security, welfare and control of the housing units and the developed and undeveloped common areas within the residential Sunland Division 17 community situated in Clallam County, State of Washington. The Association is responsible for managing and enforcing Sunland Division 17 CC&Rs, Bylaws, and its Rules and Regulations, as well as for monitoring and enforcing compliance with the governing documents of the SunLand Owners Association (SLOA) and applicable statutes under the Revised Code of Washington (RCWs). *Amended per March 13, 2019 Board of Directors Meeting minutes.*

Article II

DEFINITIONS

Assessment means all amounts levied by the Board against unit/lot owners for the payment of common expenses and such other sums as may be specifically assessed pursuant to the terms of the CC&Rs and all sums chargeable to an owner by an association in accordance with RCW 64.38.020 and RCW 64.90.525. *Amended per March 13, 2019 Board of Directors Meeting minutes.*

Association means a corporation or other legal entity in which each member is an owner of residential real property located within the association's jurisdiction, as described in the governing documents. In this document, it shall mean the association of owners under the name Sunland Division 17 Owners Association and its successors. (See also Homeowners Association below.)

Board of Directors or Board refers to the body of persons elected by the membership and whose duties and responsibilities are to carry out, on a day-to-day basis, the requirements of the CC&Rs, Bylaws, and Rules and Regulations in compliance with the provisions of RCW 64.38.025, *Standard of Care*; 23B.08.700, *Conflicting Interest*; and 23B.08.720, *Director's Action*.

CC&Rs (Declaration of Covenants, Conditions and Restrictions) describe the rights and obligations of the membership to the Association and the Association to the membership. The CC&Rs applicable to Division 17 are recorded under the following Clallam County Auditor Recording Numbers: 1998-1016640, 2000-1-54296, 2002-1097076, 2004-1130909, 2005-1163610, 2005-1168463, 2008-1218334, 2014-1312401, and 2018-1363504. *Amended per March 13, 2019 Board of Directors Meeting minutes.*

Common Area refers to all developed or undeveloped real property owned by the Association for the common use and enjoyment of the owners.

Common Expenses means the costs related to administering, maintaining, repairing, and operating portions of the Association property.

Development shall mean Sunland Division 17, also known as Sunland North, which contains a maximum of 139 units.

Document Processing Fee refers to the cost of preparing Association records requested during the resale of a Division 17 unit.

Governing Documents shall be made up of Washington State Statutes (RCW 64.38) and the Association's Articles of Incorporation, CC&Rs, Bylaws, and Rules and Regulations.

Grievance means a written document addressing a perceived violation of the governing document guidelines.

Homeowners Association (or Owners Association) means a corporation or other legal entity in which each member is an owner of residential real property located within the association's jurisdiction, as described in the governing documents.

Lien is the right to take and hold or sell the property of a debtor as security or payment for a debt. Any assessments which are not paid when due shall be deemed delinquent and become cause for a lien.

Lot means a physical portion of the real property located within the Association's jurisdiction as designated on the Division 17 Recorded Plat which divides the property into lots comprised of two (2) or three (3) units each.

Member means the owner of a fee or undivided fee interest unit of property (including undeveloped lots and units) over which the Association has jurisdiction and which is subject to the Association's CC&Rs.

Mortgage shall mean a mortgage or Deed of Trust or other security interest encumbering a unit.

Owner shall mean the person or persons holding title to a Unit of Record, or in the event any unit is sold under real estate installment contract, the vendee or vendees under said contract of record, including any natural person, corporation, trustee or other legal entity.

Owners Association – See *Homeowners Association* (above).

Party Wall means all interior walls of a unit which directly abut the common boundary of and serves to divide two or more units.

Property shall mean the entire parcel of real property in the development and all improvements, buildings, structures, easements, rights and appurtenances belonging thereto and located thereon, including undeveloped lots.

Proxy shall mean a document that permits absent unit owners to participate and vote in membership meetings by completing an Association proxy form designating a member who shall vote in his stead.

Record (*verb*) shall mean to file or to indicate that the item to which such term pertains has been filed with the Office of the Recorder of Clallam County, Washington.

Reserve Component means a common element whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an association's annual budget.

Reserve Study means an in-depth evaluation of a property's physical components and an analysis of its reserve funds. A Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis. Based on a thorough on-site inspection, a Reserve Study details anticipated replacements or repairs to common-area elements and recommends an annual reserve funding plan to cover these expenditures for the next 30 years. The Association's Reserve Study must be performed in accordance with the guidelines set forth in RCW 64.34.380 to .382 and RCW 64.90.525. *Amended per March 13, 2019 Board of Directors Meeting minutes.*

Reserve Study Professional means an independent person who is suitably qualified by knowledge, skill, experience and/or training to prepare a Reserve Study in accordance with RCW 64.34.380 to .382.

SunLand Owners Association, also referred to as SLOA, shall mean the Washington nonprofit corporation in which the members are owners of properties in SunLand described on Exhibit "A" to Amended Declaration of Covenants recorded under Clallam County Recording No. 2001-11070326.

State Statutes (RCW 64.38 and associated titles) refers to the State of Washington codes which provide consistent laws regarding the formation and legal administration of homeowner associations and non-profit corporations.

Total Voting Power shall mean one hundred percent (100%) of all the votes assigned to the owners, with one (1) vote per unit, including one (1) vote for each Developer-owned unsold or undeveloped unit.

Unit means a physical portion of the real property located within the Association's jurisdiction designated for separate ownership of single-family residential structures which have been constructed or are to be constructed in the development. "Unit" shall mean any one (1) of the units. Most structures in the Division 17 Association shall contain two (2) units.

Article III

MEMBER RIGHTS AND OBLIGATIONS

1. Membership of the Association at all times shall consist exclusively of the owners of a fee or undivided fee interest unit or units of property over which the Association has jurisdiction and which is subject to the Association's CC&Rs.

a. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be inseparably appurtenant to units within the plat or plats of Division 17 and upon transfer of ownership or the execution by any member of a contract for the sale of any such unit or units, the membership shall be deemed to be transferred to the grantee or contract purchaser.

b. The privileges and facilities of the Association shall be extended to the spouse/partner and children of a member and may be extended to guests under such rules and regulations as the Board may prescribe.

c. No membership may be conveyed or transferred except by sale of the unit or the making of a contract for the sale therefore. In the event of the death of a member, membership shall pass in the same manner and to the same person as does the unit or units.

d. The vote of any co-owner membership may be cast by either owner without presentation of authority from the other. If both are present, only one may vote.

2. Assessments.

a. Assessments shall be annually levied and collected as fixed by the Board pursuant to the provisions of the CC&Rs (Section 8.4), RCW 64.38, and RCW 64.90.525. *Amended per March 13, 2019 Board of Directors Meeting minutes.*

b. Assessments must be paid annually or quarterly. These funds shall be used to defray the costs of installation or acquisition of capital improvements in the common areas as well as funding the operation of the Association such as administration, landscaping, and the maintenance accounts which include reserves for depreciation, replacement, and obsolescence of improvements. Each unit shall bear its equitable share of these costs. These costs shall be levied and collected as part of the annual assessment.

3. Delinquency. As more fully provided in the CC&Rs (Section 8.4), each unit owner is obligated to pay annual and special assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be deemed delinquent and subject to late charges and interest on the principal in arrears as set by the Board in the Association's CC&Rs (Section 9.1 through 9.3) and the Rules and Regulations.

If any assessment is not paid within thirty (30) days after the due date, the assessment shall bear a late charge of \$10 per month from the date of delinquency until paid. Should the delinquency exceed sixty (60) days, the Association may then bring legal action against the owner or foreclose the lien against the property. Interest, costs and a reasonable attorney fee of any such action shall be added to the amount of the assessment. No owner may waive or otherwise escape liability for assessments provided for herein by non-use of the utility services available or by abandonment of his unit, or by any other means.

4. Forfeiture. No membership privileges shall be forfeited except for the non-payment of assessments, and then only subject to the discretion of the Board upon a majority vote. No member may withdraw except upon the transfer of title to or upon contracting for the sale of the unit to which his membership is appurtenant. No compensation shall be paid by the Association upon the transfer of membership and no member whose membership is transferred shall be entitled to share or participate in any of the property or assets of the Association.

5. Transparency. Members shall be afforded transparency in the governance of the Association. No exception to the right of transparency shall be undertaken unless prescribed by law and in such a case the provisions of the law shall be fully adhered to. In all instances, the Board will adhere to the precepts set forth in the Washington State Open Public Meetings Act (OPMA) and RCW 64.38.025.

6. Right of Petition.

a. Association Petition: Each Association member in good standing shall have the right to petition the Board to review and to take action on a specific Association-related proposition or issue. The name, address, and phone number of the individual(s) submitting the petition and a full description of the issue to be researched and addressed by the Board shall be stated in written document. Prior to being submitted, the petition must be signed by no fewer than ten percent (10%) of the total Association membership to indicate their support of the petition. The petition shall be sent via certified US mail and addressed to the Board president. The Board shall consider the petition in accordance with the procedures in Article V, Section 14 of these Bylaws.

b. Personal (Individual) Petition: Any individual Association member in good standing who claims a failure of the Board to obey the Association's mandates listed in the Bylaws or CC&Rs by an act of omission or commission may submit a personal grievance petition to the Board. This type of petition does not require signatures of ten per cent (10%) of the membership to show support of the petition. The Board shall consider the petition in accordance with the procedures in Article V, Section 14 of these Bylaws.

7. Rules of Conduct. Rules, regulations, and restrictions concerning the use of the units and of the common areas and facilities shall be promulgated and amended by the Board. Copies of the rules, regulations and restrictions shall be furnished by the Board to each unit owner prior to their effective date. Such rules, regulations and restrictions shall be in addition to the restrictions set forth in the CC&Rs.

8. Unit Rentals or Leases. Unit owners who do not reside in Sunland Division 17 shall not rent or lease their vacant unit(s) without first having submitted an Association Rental Notice to the SLOA Business Office. The notice must be received by the SLOA Business Office before a renter or lessee may occupy a unit.

All owners or property managers must provide a copy of the Sunland Division 17 CC&Rs and SLOA Rules and Regulations to the renter or lessee prior to submitting the notice. A member residing in Sunland Division 17 who owns more than one unit shall submit to the SLOA Business Office an Association Rental Notice for each owned unit to be leased or rented.

The Association Rental Notice shall contain the following information and statements and will be used to assist the Division 17 and SLOA Boards in their stewardship responsibilities:

a. The street address of the unit to be rented/leased and the name, mailing address, and contact information (phone/Email) of the non-resident owner.

- b. The name, address, and contact information (phone/Email) of any property manager acting on behalf of the owner.
 - c. The name(s) and contact information (phone/Email) of the renters or lessees.
 - d. The date of intended occupancy and length of lease or rental agreement.
 - e. A signed statement by the non-resident owner (or his property manager) that indicates the owner/property manager has read and understands the current Division 17 CC&Rs, Bylaws, Rules and Regulations, and the SLOA Rules and Regulations, and that he has provided a copy of these documents to the renter/lessee. This statement shall be attached to the Association Rental Notice and furnished to the SLOA Business Office.
 - f. A signed statement from the renter/lessee attesting to his having received, read, and understood the rules and enforcement aspects of the Association's governing documents (Division 17 CC&Rs, Bylaws, Rules and Regulations and the SLOA Rules and Regulations). This statement shall be attached to the Association Rental Notice and furnished to the SLOA Business Office.
- 9. Unit Resale.** A Document Processing Fee of \$100 shall be levied for the preparation of Association governing documents, financial records and other disclosure information requested by any principal in the transaction of a Division 17 Unit resale. An "Instructions to the Title Company" form shall accompany the disclosure materials and list the street address and lot number of the unit being sold, names and signatures of the buyer and seller, and party responsible for payment of the fee.
- 10. SLOA Membership.** Division 17 owners shall have full membership in the SunLand Owners Association and the rights, privileges and responsibilities appertaining to such membership. Each owner, so long as he owns a unit, shall be a member. Such membership shall be inseparably appurtenant to the units, and each owner, upon becoming a member, shall observe the restrictions and conditions and perform all covenants applicable to such membership including, without limitation, the payment of common and special assessments levied by SunLand Owners Association.

Article IV

ANNUAL MEETINGS

- 1. Annual Meetings.** The annual meeting of the members of the Association shall be held in September of each year for the purposes of electing directors, presenting a financial statement showing in detail the current financial condition of the Association, proposing and ratifying a budget for the up-coming year, determining if a certified public accountant will conduct an audit or a financial review of the Association's accounts, appointing two inspectors of election, and for the transaction of such other business as may properly be addressed at the meeting. *Amended per July 12, 2017 Board of Directors meeting minutes.*
- 2. Notice of Annual Meetings.** Notice of the time, place, and purpose(s) of the annual meeting shall be sent to all Association members via US mail, hand delivered, or by electronic means (if the owner has consented to receive notice electronically and has provided an email address) not less than fourteen (14) nor more than sixty (60) days before the meeting. The notice shall be sent to each person who appears upon the books of the Owners Association as a member. If mailed, the notice shall be directed to the member at his address as it appears on the books of the Association, unless he has submitted a written request stipulating that notices shall be mailed to a designated address.
- 3. Quorum.** At any annual or special meeting of the Association, the presence in person or by proxy of thirty-four percent (34%) of all voting members shall be necessary to constitute a quorum for all purposes except as otherwise provided by law. The act of a majority of the members present at any meeting at which there is a quorum shall be the act of the full membership, except as may be otherwise specifically provided by statute or by these Bylaws. A meeting may be adjourned by vote of a majority of the members present (in person or by proxy) without notice other than by announcement at the meeting and without further notice to any absent member. At any reconvened meeting at which a quorum shall be

present, any business may be transacted which might have been transacted at the meeting as originally notified.

4. Voting. At every annual or special meeting of members, each member shall be entitled to vote in person, by mail, or by proxy. Each member of the Association shall be entitled to one (1) vote per owned unit. The Developer is entitled to one (1) vote for each unsold or undeveloped unit. The vote for directors and, upon the demand of any member, the vote upon any question brought before the membership shall be by ballot. All elections and all questions shall be decided by a majority of those present.

5. Inspectors of Election. The Board shall at each annual meeting elect or appoint two persons to serve until and including the next annual meeting as inspectors of election. If any inspector shall refuse to serve or shall not be present, the Board shall appoint an inspector in his place. The failure to satisfy this requirement does not negate the election results.

Article V

BOARD OF DIRECTORS

1. Election. The business and property of the Association shall be managed and controlled by a Board of Directors, each of whom shall be a member of the Association. Board members shall be elected annually by the Association members to hold office for a designated term, except as provided for filling vacancies. (See Section 6 below.) Board members shall be chosen by ballot by a majority of the votes of the Association members voting either in person, by mail, or by proxy.

2. Nomination of Directors. Nomination for election to the Board shall be made by a Board-appointed Nominating Committee. (See Section 13c (3) of these Bylaws.) Nominations may also be made by members from the floor at the regular Board meeting in the month prior to the Annual Meeting.

3. Number. The number of Board members of the Association shall be no fewer than three (3) and no more than five (5). This number may be increased or decreased by amendment to these Bylaws, in the manner set forth in Article IX. In the event the number of Board members is decreased by an amendment, each Board member in office at the time the amendment becomes effective shall serve until his term expires or he resigns or is removed.

4. Term of Office. Board members shall be elected for staggered two (2) year overlapping terms.

5. Officers. The officers of the Association Board of Directors shall be president, vice president, secretary, treasurer, and other officers with such powers and duties not inconsistent with these Bylaws as may be appointed and determined by the Board. Neither the president nor the vice president may simultaneously hold an additional office of the Board.

a. President. The president shall preside at all Association and Board of Directors meetings. He shall have and shall exercise general charge and supervision of the affairs of the Board and shall do and perform such other duties as may be assigned to him by the Board. The office of president must be filled by a current Board member. Amended per October 14, 2015 Board of Directors meeting minutes.

b. Vice President. At the request of the president, or in the event of his absence, the vice president shall perform the duties and possess and exercise the powers of the president.

c. Secretary. The secretary shall attend and keep the minutes of all meetings of the Board, shall give all notices as provided by the Bylaws, and shall have other powers and duties as may be incidental to the office of secretary as stated by these Bylaws, or assigned to the secretary by the Board. If the secretary shall not be present at any meeting, the presiding officer shall appoint a recorder who shall record the minutes of the meeting.

d. Treasurer. The treasurer shall prepare and present at the Association's annual member meeting a full statement showing in detail the current financial condition of the Association and a proposed budget for the upcoming fiscal year. This prepared statement, accompanied by explanatory comment if deemed

necessary by the Board, shall be provided to the membership in advance of the meeting as part of the electoral packet. The members present at the annual meeting in person or by proxy shall first be given an opportunity to ask questions and inform themselves regarding the proposed budget and then vote on the question of its ratification.

6. Vacancy. Any vacancy in the Board, including a vacancy created by an amendment to these Bylaws to increase the number of directors, may be filled by direct appointment by the Board. Any Director so appointed shall hold office until the term of the position expires.

7. Resignation. Any individual Board member may resign at any time by giving written notice of such resignation to the president of the Board.

8. Removal of Officers. Upon an affirmative vote of a majority of Board members, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for that purpose. Removal from the office shall not constitute a removal from his position as a general member of the Board.

9. Board Meetings.

a. Parliamentary Authority. The rules contained in the latest edition of *Robert's Rules of Order Newly Revised* shall govern the Board's conduct of regular and special meetings and of executive sessions provided they are consistent with these Bylaws or any special rules of order the Board may adopt.

b. Presiding Authority. The president shall preside at all meetings, including executive sessions of the Board. In the absence of the president, the vice president, or in his absence, a chairman chosen by the Board members present at the meeting shall preside.

c. Quorum. At all meetings of the Board, a majority of the Board members shall be necessary and sufficient to constitute a quorum for the transaction of business. The decisions and actions of a majority of the Board members present at any meeting at which there is a quorum shall be considered to be a decision or an action by the entire Board.

d. Open Meetings. All meetings of the Board shall be open for observation by all owners and/or their authorized agents. The Board shall keep minutes of all actions taken by the Board and these minutes shall be made available for review by all owners. In all instances, the Board will adhere to the precepts set forth in the Washington State Open Public Meetings Act (OPMA) and RCW 64.38.035.

e. Organizational Meeting. After each annual election, the Board shall meet within one (1) week of the election at the place and time as determined/announced at the annual election. The purpose of the organizational meeting is limited to electing officers and assigning committee responsibilities.

f. Special Meetings. Special meetings of the Association may be called by the president, a majority of the Board, or by owners having ten percent (10%) of the votes in the Association. A notice of the special meeting shall be sent to each member of the Association via US mail, hand delivered, or by electronic means (if the owner has consented to electronic notice and has provided an email address) not less than fourteen (14) nor more than sixty (60) days before the meeting. The notice of any meeting shall state the time and place of the meeting and the business to be placed on the agenda by the Board for a vote by the owners. This includes the general nature of any proposed amendment to the governing documents, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a Board member.

g. Closed Executive Sessions. Upon a motion and an affirmative vote in an 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; discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, or matters involving the possible liability of an owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict 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 the motion, or on other action which is reasonably identified. The requirements of this section shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure. It shall be a duty of each Board member to adhere to and enforce the provisions of the Open Meetings section above and any subsequent change in RCW 64.38.035(2) affecting this section.

10. Powers of the Board. Except as provided for in these Bylaws and in the laws of the State of Washington, all Association powers shall be and are vested in and shall be exercised by the Board. The Board may, by general resolution, delegate to committees of their own members such powers as they may see fit, provided the committee does not constitute a quorum. The Board shall have the power to:

- a. Adopt and publish rules and regulations governing the use of common areas and facilities and the personal conduct of members and guests thereon, and to establish penalties for any infraction.
- b. Suspend the voting rights, rights to use the common areas and facilities, or other rights of membership during any period in which the member shall be in default in the payment of any assessments or any financial obligation levied by the Association.
- c. Exercise on behalf of the Association, all powers, duties and authority vested in or delegated to the Board and not specifically reserved for the general membership.
- d. Levy and collect the fees, fines, and assessments as necessary to properly maintain, improve, and manage the property, assets, and facilities of the Association and to otherwise carry out its functions. Any increase in annual assessments or proposed new assessments shall be ratified by a majority of the membership voting in person or by proxy at meeting called for such purpose, as per RCW 64.38.025 and RCW 64.90.525. *Amended per March 13, 2019 Board of Directors Meeting minutes.*
- e. Employ a manager, managing agent, independent contractor, or agents as they deem necessary to fix and prescribe their duties, compensation, and other terms and conditions of service.
- f. Establish conditions for indemnity and insurance of Board members, duly appointed agents, and committee members.
- g. Act solely in the best interest of the Association, avoid any conflict of interest, and perform their duties and exercise their powers in compliance with RCW.64.38.025 and 23B.08.700 and 23B.08.720.

11. Duties of the Board. It shall be the duty of the Board to:

- a. Keep a complete record of all of its acts and affairs and to present a statement of its actions to the members at the annual meeting or at any special meeting when the statement is requested in writing by ten percent (10%) of the Association members entitled to vote.
- b. Supervise all officers, agents, independent contractors and employees of the Association assuring that their duties are properly performed.
- c. Supervise the care and upkeep of all Association common areas and facilities.
- d. Procure and maintain adequate liability and hazard insurance on property owned by the Association.

12. Conflict of Interest. A Board member shall act solely in the best interests of the Association by the avoidance of a conflict of interest or the perception of the same by members of the Association.

a. A conflict of interest shall exist when a Board member during the execution of the duties, power, or governing act conferred upon him by the Association's governing documents:

- (1) Has a direct or indirect financial interest in the matter at hand through business, investment, or family.

(2) Will receive, as a result of his actions, direct or indirect remuneration, gifts, or favors that are substantial.

(3) Accrues an advantage, financial or otherwise, that is disproportional to that which any Association member might receive from the Board's action regarding the matter at hand.

b. Duty to Disclose. In conjunction with any actual or a possible conflict of interest, and in the absence of recusal:

(1) A Board member shall disclose the existence of the financial or familial interest and be given the opportunity to disclose all material facts to the Board.

(2) After the disclosure of all material facts, and after the opportunity for the Board to discuss these with the Board member, the Board member shall physically leave the Board meeting while the remaining Board members discuss and vote to determine if a conflict of interest exists.

c. Recusal of Self. Any Board member may recuse himself at any time from involvement in any discussion or decision in which the Board member believes he has a conflict of interest, without going through the process for determining whether a conflict of interest exists.

d. Required Action. Upon recusal of self or upon the determination of the Board (See b (2) above), the Board member may make a presentation to the Board and then shall physically leave the Board meeting during any discussion of, and the vote on, the matter at hand. At the conclusion of all Board action regarding the conflicting matter, the Board member shall re-take his place on the Board.

e. Violation of Conflict of Interest. If, after the fact, the Board has reasonable cause to believe a Board member has failed to disclose actual or possible conflicts of interest, it shall inform the Board member of the basis for such belief and afford that member an opportunity to explain the alleged failure to disclose.

(1) If, after hearing the Board member's response and after making further investigation as warranted by due diligence and circumstance, the Board determines the Board member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action which shall include advising the member of the potential legal consequences of his failure under, but not limited to, RCWs 23B.08.320, 510 and 500.

(2) The Board shall record in the meeting minutes all pertinent facts regarding a recusal, discussion, findings, and actions of the Board in resolution of the conflict of interest.

13. Board Committees.

a. The Board may establish committees and appoint committee members to them from its Board or the Association membership, as the Board may see fit. The Board may at any time appoint additional members as necessary. The members of any such committee shall serve at the pleasure of the Board. Such committees shall advise with and aid the Board in all matters designated in the charge from the Board. Each committee chairperson may prescribe rules and regulations for the call, conduct and procedures of meetings. The members of any committee shall not receive compensation for their services. The Board shall have power in its discretion to reimburse members for committee expenses approved and incurred. (See Article VI of these Bylaws.)

b. When establishing committees and whenever appointing committee members, the Board shall, by motion, add to Association records the title of the committee and the names of its members and, by the same means, record the names of any members appointed to such committees thereafter.

c. The Board may establish permanent standing committees to fulfill the Association's stewardship responsibilities. The Board may also establish ad hoc committees charged with completing a specific task and then disbanding when the charge has been fulfilled.

(1) **Architectural Control Committee.** *Amended per April 13, 2016 Board of Directors meeting minutes.*

The Architectural Control Committee shall be comprised of three (3) members who shall be appointed by the president of the Board for three-year terms, to expire one (1) per year.

The Board shall also appoint from its number a Director to serve as Board Liaison to the Committee for the purpose of monitoring Committee activity and for facilitating communications between the Committee and the Board. The Committee shall inform the Liaison about any potential applications from owners who wish to make an exterior change, summarize completed applications with the Liaison, and notify the Liaison whether an application has been approved or denied. The Liaison shall visit the site of the proposed change before its approval. Should the Liaison disagree with the Committee's final decision, the Liaison shall report the matter to the Board for timely review. Should the Liaison be unavailable for an extended period, the Board shall appoint a Director as substitute Liaison.

(a) The Architectural Control Committee shall approve in advance the design and materials to be employed in all proposed construction, additions, alterations, repairs, replacements, restorations, decorations and maintenance. The Committee may require the plans and specifications to be submitted at the expense of the petitioning owners, as it may reasonably determine appropriate, in acting upon requests for approvals.

(b) No owner shall, without first obtaining written consent of the Architectural Control Committee, make or permit to be made, any structural alteration/improvement/addition to the exterior of his unit, or to any common area. This includes making changes to any natural drainage or removing / disturbing any trees.

(c) All fencing, screening, large trees, improvements, and landscaping shall be undertaken and performed only when the actions have been approved by the Architectural Control Committee.

(d) All rules, standards, and regulations adopted by the Architectural Control Committee shall apply uniformly to all units. The Committee may approve minor deviations unless the deviations would result in noncompliance with any state or local planning, environment, zoning or building code or regulation. If at any time the Committee should not exist, all of the Committee's functions shall be performed by the Board. The Architectural Control Committee shall cooperate with, and when necessary or appropriate, solicit the suggestions or approval of the SLOA Architectural Control Committee.

(e) Should an owner whose request has been denied disagree with the Architectural Control Committee's decision, that owner may request mediation by the Board's Committee Liaison. Should mediation fail, the Committee's decision shall be in force unless the owner submits an appeal in writing to the Board.

(2) Exterior Maintenance and Landscaping Committees. The Board shall solicit and appoint member volunteers to assist the Board in day-to-day monitoring and maintenance of the condition of Division 17 units, properties, and common areas.

(a) Exterior Maintenance Committee. The Board shall annually appoint or reappoint a coordinator responsible for day-to-day monitoring of the exterior condition of the units and needed repairs; contracting providers for specific maintenance work; scheduling the annual exterior painting program and other regular maintenance procedures; and monitoring street lighting needs. The coordinator shall have Board-approved budget authority to hire and compensate providers to execute necessary maintenance or repair work.

(b) Landscaping Committee. The Board shall annually appoint or reappoint a coordinator responsible for day-to-day monitoring of the condition and landscaping needs of Division 17 around units and in developed common areas in order to maintain the current high standards of quality and appearance. The coordinator shall be authorized to commit Board-approved funds to complete necessary improvement projects.

(c) Undeveloped Common Space Committee. The Board shall annually appoint or reappoint a coordinator responsible for the oversight of the undeveloped common space including noxious weed control, mowing, and common use. The Board may authorize the coordinator to commit Board-approved funds to manage and maintain the undeveloped common space.

(3) Nominating Committee. A committee to nominate candidates for election to the Board shall consist of a chairman and two (2) or more additional members of the Association. Effective in fiscal year 2014, the Board shall appoint the committee at the regular June Board meeting to serve until the conclusion of the Annual Meeting. The Nominating Committee shall set a deadline for nominations, determine procedures for soliciting prospective nominees from the general membership, obtain written biographical statements to accompany the ballot, and meet with candidates when requested. Any Association member in good standing shall be eligible to become a candidate. The Nominating Committee shall make as many nominations for election as it shall deem necessary, but not fewer than the number of vacancies to be filled. The committee shall report a list of candidates and accompanying biographical statements to the Board no later than the August Board meeting.

(4) Grievance Committee. The Board shall appoint a Grievance Committee comprising an odd number of members but no fewer than three (3) whose terms of service shall be three (3) years on a staggered, overlapping schedule. The committee chairman shall be appointed by the Board from its members. The remaining members may be appointed, when necessary, from the general membership. The purpose of the Association's grievance policy is to establish fair and equitable procedures for submitting, receiving, processing and resolving issues related to perceived member violations of the Association's governing documents. While the desired result is always voluntary correction of a proven violation, the Board shall have the responsibility to enforce compliance with the governing documents for the sake of preserving the community's long-term goals and standards for the benefit of all members.

14. Petitions and Grievances.

a. Self-Enforcing Law. Recognizing that no State office or agency has any direct regulatory powers regarding homeowner associations, Sunland Division 17 is therefore a self-enforcing organization that shall establish fair and equitable procedures for handling and resolving member grievances resulting from apparent or alleged violations of the CC&Rs or these Bylaws.

b. Disputes. When disputes over perceived violations arise between or among unit owners, all parties are encouraged to make an effort to meet in good faith for a positive discussion to resolve their differences before turning to the Board for assistance in managing conflicts that have escalated beyond resolution. The parties may request to have one or more Grievance Committee members visit the site of the violation and serve as an impartial mediator at such a meeting of the parties.

(1) Failing in voluntary correction or other early resolution, the aggrieved party may make a formal appeal to the Board by submitting the Association grievance form for consideration by the Grievance Committee. Such form shall require the grievant to state in detail: the reason for the grievance and date of the act(s) or omission(s); the identity of other members with personal knowledge of the act/grievance; the efforts the grievant has taken to resolve the issue; and the remedy sought for or solution of the alleged violation.

(2) Upon receipt of a written grievance from an Association member, the Board shall instruct the Grievance Committee to determine whether the charge in the grievance constitutes a violation of the CC&Rs or provisions in these Bylaws.

(3) The Grievance Committee shall conduct a meeting with the grievant and follow all procedures identified in the Association's Rules and Regulations.

c. Petitions. All petitions received by the Board on subjects other than violations of the governing documents shall be recorded as to date of receipt, its purpose or relief or action sought and shall be verified as meeting the ten percent (10%) signatory qualification. (See Article III of these Bylaws.) The record shall indicate any conflicting action anticipated by the Board wherein that action would serve to nullify the original intent of the petition.

(1) The Board president or vice-president shall call a special meeting for the purpose of addressing and acting upon the petition no less than fourteen (14) days and no more than sixty (60) days from the receipt of the petition.

(2) The Board shall not take any action to preempt or conflict with the petition's purpose prior to the special meeting called in response to the petition, nor shall it exercise its right to suspend, waive, or amend this Section of the By-Laws.

(3) No meeting shall be called under this provision if the petition as submitted does not conform to the official petition form or if the purpose, relief, or action stated on the petition falls outside the scope of the Association's governing documents.

(4) If a petition is found to be insufficient under paragraph (3) above, the Board shall give written notice to all petitioners stating the deficiency of the petition and:

(a) Take no action in conflict with the petition's purpose.

(b) Record the petition receipt, deficiency, and notice in the minutes at the next Board Meeting.

d. Grievance Petitions Against the Board. Any individual Association member in good standing who claims a failure of the Board to obey the Association's mandates of these Bylaws or the CC&Rs by an act of omission or commission may submit a personal grievance petition in writing to the Board president. This type of petition does not require signatures of ten percent (10%) of the membership to show support of the petition. The petition shall identify in detail the alleged violation and shall include all elements as described in these Bylaws. Upon receiving the written grievance, the Board shall first determine whether the claim is within the Board's authority as defined in these Bylaws and RCW.64.38. Any alleged violation determined to be outside the Board's authority is not the legal responsibility of the Board. Petitions on matters within the Board's authority shall be processed according to procedures in Division 17 CC&Rs, Bylaws, and Rules and Regulations.

Article VI

LIABILITY, INSURANCE, INDEMNIFICATION

1. Errors and Omissions. Members of the Board, members of committees created by the Board, agents of the Association, employees, and recognized volunteers shall be covered under an umbrella "errors and omissions" insurance policy. The premiums on the insurance shall be paid as a common operating expense of the Association.

2. Bonds. As a prerequisite to any contractual commitment, all contracted agents of the Board shall furnish proof of adequate liability and/or performance insurance for the work to be undertaken on behalf of the Association.

3. Property Insurance. The Association shall procure and maintain adequate liability and hazard insurance on property owned by the Association. The Association shall also procure and maintain an umbrella casualty insurance policy to cover members of the Board, Board-appointed committee members, Board-recognized volunteers, other agents of the Association, and Association employees. The premiums on the insurance shall be paid as a common operating expense of the Association.

4. Indemnification. Any past or present Board member, Board-recognized volunteer, or person serving at the request of the Board, shall be indemnified by the Association. The indemnification shall apply to any of the above listed persons who is made (or is threatened to be made) a party to any pending or completed action, suit, or official proceeding (whether civil, criminal, administrative, or investigative). The indemnification shall apply regardless of whether or not the person continues to be a Board member, Board-recognized volunteer, or person serving at the request of the Board at the time the costs, expenses, or liabilities were incurred or imposed. This includes all judgments, penalties, fines, settlements, and reasonable expenses (including attorney fees) actually and reasonably incurred by him in connection with the action, suit, investigation, or other legal proceeding.

a. Indemnity shall not apply to a person whose actions or omissions have been adjudged to be intentional misconduct, a knowing violation of law, or a violation of RCW 23B.08.320. In addition, indemnification

shall not cover individuals whose conduct or omissions have been adjudged to have resulted in the receipt of a benefit in money, property, or services to which he was not legally entitled.

b. No indemnification shall be made pursuant to this provision in respect to any proceeding in which the person shall have been adjudged to be liable to the Association. Reasonable expenses for which indemnification is provided may be paid or reimbursed by the Association in advance of the final disposition of any such proceeding. Indemnity shall inure to the benefit of the heirs, executors and administrators of any applicable person.

Article VII

FINANCIAL MANAGEMENT

1. Budget, Assessments, and Special Assessments. *Amended per March 13, 2019 Board of Directors Meeting minutes.*

Compatible with the terms and conditions of the CC&Rs and RCW 64.90.525, the Board shall propose, approve, and adopt (after Association member ratification) a budget for each fiscal year (January 1 to December 31). The Association budget shall include the estimated funds required for various and sundry operational and administrative accounts and expenses, as well as monies needed to adequately fund the reserve accounts.

a. Budget. A Board-approved proposed budget will be presented for ratification by Association members (Division 17 owners) at the annual Association meeting held each September following the process directed by RCW 64.90.525 outlined in paragraph 1b below.

The Board-approved, proposed budget submitted to the owners must include:

- (1) The projected income to the Association by expense / category;
- (2) The projected common expenses and those specially allocated expenses that are subject to being budgeted, both by category;
- (3) The amount of the assessments per unit and the date the assessments are due;
- (4) The current amount of regular assessments budgeted for contribution to the reserve account;
- (5) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.525 and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (6) The current deficiency or surplus in reserve funding expressed on a per unit basis.

b. Budget Ratification by Owners.

(1) Within thirty days after the Board adopts the proposed Association budget, the Board must provide a copy of the Board-approved, proposed budget to all unit owners. The Board will also set a date for a meeting of the unit owners to vote on the ratification of the budget. The owner meeting must be held not less than fourteen (14) days nor more than fifty (50) days after owners are provided a written and/or electronic copy of the Board-approved proposed budget.

(2) At that meeting, unless a majority (51%) of the allocated votes (total voting power) reject the budget, the budget and any assessments against the units included in the budget shall be ratified, whether or not a quorum is present.

(3) If the Board-approved proposed budget is rejected by a majority vote or if the required notice is not given, the previous budget that was ratified by the unit owners will continue to be followed until the unit owners ratify a subsequent budget proposed by the Board.

c. Special Assessments. The Board, at any time, may propose a special assessment. The assessment is effective only if the Board follows the procedures for ratification of a budget described in this Article and the unit owners do not reject the proposed assessment. The Board may provide that the special assessment may be due and payable in installments over any period it determines and may provide a discount for early payment.

2. Accounts. The funds and expenditures of the Association as collected from annual or special assessments and charges shall be credited and charged against various and sundry accounts, as appropriate and as established by the Board upon the recommendation of an auditor. Accounts may be established for current expenses; for the accumulation of reserves for deferred maintenance, replacement, depreciation and obsolescence; and for additional improvements, additions and betterments as more particularly set forth in the CC&Rs.

3. Limits of Monetary Authority. *Paragraph added per April 12, 2017 Board of Directors Meeting minutes.*

The members of the Board and designated Committee Chairpersons, Coordinators, and individuals specifically designated by the Board of Directors have a fiduciary responsibility to the Association and owners. These individuals must exercise due care and diligence when requesting, approving, committing, or expending funds on behalf of the Association and must act in conjunction with the following guidelines:

a. Committee Chairpersons or delegated individuals can request reimbursements up to \$300 for expenditures incurred on behalf of Division 17 by submitting supporting receipts and invoices to the Division 17's accountant for payment. Reimbursements above \$300 will require the approval of a Board member.

b. The Exterior Maintenance Coordinator and Landscaping Coordinator are authorized to approve invoice payments for services rendered up to \$3,000 with supporting documentation from the vendor or contractor. Invoices should be promptly submitted to the Division 17 accountant for payment. Authorization for payments above \$3,000 and up to \$5,000 requires the expressed approval of a Board member. Authorization for payments above \$5,000 requires official approval by the Board of Directors.

Periodic invoices under a contract approved by the Board should be reviewed and must be endorsed by the appropriate Committee Chairperson / Coordinator before payment is made by the Division 17 accountant. Routine invoices for ongoing services for Division 17 can be accepted by the Division 17 accountant for payment. The accountant prepares checks for payment and signs each check. In addition to the accountant's signature, all Division 17 checks require a second signature by the Association Treasurer, President, or a person officially authorized by the Board.

4. Depository. *Amended per April 12, 2017 Board of Directors Meeting minutes.*

The depository of the Association shall be at the financial institutions as shall be designated by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from the accounts shall be only by checks co-signed by both the Association accountant and the Association President or Treasurer, or a person officially authorized by the Board. The Board shall, at its discretion, advise and direct the treasurer, or other person charged with the responsibility of investment of accumulated funds, as to the investment of the funds. At no point, shall any operating or reserve funds be co-mingled or deposited into:

a. Another fund's investment account.

b. The funds of any other Association.

c. The funds of any manager of the Association.

d. The funds or accounts of any person responsible for the custody of Association funds.

5. Financial Review. At least annually, the Board shall prepare, or cause to be prepared, a financial statement of the Association. The financial statements shall be audited or reviewed at least annually by

an independent certified public accountant. At the Annual Meeting of the owners where a quorum is present, a sixty-seven percent (67%) affirmative vote will authorize the Association to have a financial review performed by a certified public accountant in lieu of the required annual audit.

Article VIII

RESERVE ACCOUNTS AND STUDY

1. Reserve Account(s). The Association shall establish a separate reserve account with a financial institution to fund common elements that will require major maintenance, repair, or replacement within thirty (30) years. The reserve account(s) shall be in the name of the Association. The Board is responsible for administering the reserve account(s) in accordance with RCW 64.38.065 through .090, RCW 64.90.525, and the Association CC&Rs (Section 8). *Amended per March 13, 2019 Board of Directors Meeting minutes.*

Guidelines and requirements for managing and investing the Division 17 Reserve Funds are outlined in Appendix A of these Bylaws. *Amended per July 12, 2017 Board of Directors Meeting minutes.*

2. Depository. The depository of the Association's reserve accounts shall be in financial institutions as shall be designated by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from the accounts shall be only by checks signed by the persons as are authorized by the Board. The Board, at its discretion, shall advise and direct the treasurer, or other person charged with the responsibility of investment of accumulated funds, as to the investment of the funds. At no point, shall any operating or reserve funds be co-mingled.

3. Withdrawals from Reserve Accounts. The Board may withdraw funds from the Association's reserve accounts to pay for unforeseen or unbudgeted costs in accordance with the guidelines set forth in RCW 64.38.065-075. Payments for major maintenance, repair, or replacement of reserve components outside the reserve study projection cycle or those not included in the reserve study may be made from the reserve accounts without meeting the notification and repayment requirements.

a. The Board shall record these withdrawals in Board's minutes and shall immediately inform Association members of such withdrawals by sending a notice of the action to each owner via US mail, hand delivered, or by electronic means (if the owner has consented to electronic notice and provided an email address).

b. The Board shall establish and adopt a schedule for full repayment within 24 months unless it determines that schedule would impose an unreasonable burden on the Association members.

4. Reserve Study. A Reserve Study is a financial planning tool that helps an association understand and project the estimated costs over the next thirty (30) years that will be needed to replace, repair, and restore property and common elements that require infrequent maintenance actions or have significant costs. A Reserve Study consists of two parts:

Physical Analysis (on-site visual inspection) of all property owned by the Association.

Financial Analysis which projects the Association's reserve account balances year-by-year for thirty (30) years and recommends a funding plan for the identified repairs or replacement costs without relying on future unplanned special assessments.

a. The Board is responsible for coordinating and conducting the Association's Reserve Study in accordance with RCW 64.38.065-.090. The initial Reserve Study must be based upon a visual site inspection conducted by a certified Reserve Study professional. Following the initial study, the Board shall initiate a "follow-up" Reserve Study annually for the next two (2) years. The "follow-up" study (also known as a "Do It Yourself" study) does not require an on-site inventory by a certified Reserve Study professional unless deemed necessary by the Board. Instead, the visual inspection/inventory and determination of projected cost and useful life data shall be performed, researched, and documented by

one or more Board members or Board-appointed volunteers. The inventory, along with projected cost and useful life data, shall be submitted to a certified Reserve Study professional for development of a Reserve Study.

b. At least every three (3) years, the Board must initiate and conduct a Reserve Study based upon a visual site inspection conducted by a certified Reserve Study professional.

c. The decisions relating to the preparation and updating of a Reserve Study must be made by the Board using reasonable discretion and must include whether a Reserve Study will be prepared or updated and whether the assistance of a certified Reserve Study professional will be utilized.

d. An owner's duty to pay for common expenses is not excused because of the Board's failure to conduct a Reserve Study in accordance with these Bylaws and RCW 64.38.065-.090. In addition, a budget ratified by the owners is not invalidated because of the Board's failure to comply with the Reserve Study requirements set forth in these Bylaws and in RCW 64.38.065-.090.

e. Reserve Study Financial Report to Owners. At the annual meeting, the Board shall provide Association members written, detailed information (described under RCW 64.38.025 and 64.38.070) regarding current and future projected reserve account funding levels, projected reserve-related assessments, and contribution rates necessary to achieve a fully-funded plan. The financial presentation shall include a discussion of whether there is enough money to properly maintain the Association's property in the near future; whether there is enough money to maintain the property (based on current projections) in the out-years; and the source of any ordinary or extraordinary funding requirements currently projected to occur during the thirty-year time-frame.

f. Association Member Initiated Reserve Study. When more than three years have passed since the date of the last Reserve Study prepared by a certified Reserve Study professional, Association members may submit a demand, in writing, to the Board that the cost of a Reserve Study be included in the next year's budget and that the study be prepared by the end of that budget year.

(1) The demand for the preparation of a Reserve Study must be supported by the signatures of at least thirty-five percent (35%) of the owners and must refer to this Section of the Bylaws and RCW 64.38.080. The Board shall, upon receipt of the written demand, provide the owners with reasonable assurance that a Reserve Study will be included in the next annual budget. If that budget is ratified by the majority of the owners, the Board shall arrange for the completion of a Reserve Study.

(2) If a written demand for the preparation of a Reserve Study is made by the Association members and a Reserve Study is not timely prepared, a Court may order specific performance and may award reasonable attorney fees to the prevailing party in any legal action brought to enforce this section. A Board may assert unreasonable hardship as an affirmative defense in any action brought against it. Without limiting this affirmative defense, an unreasonable hardship exists where the cost of preparing a Reserve Study would exceed five percent of the association's annual budget.

g. Board Liability. As outlined in RCW 64.38.085, monetary damages or any other liability may not be awarded against or imposed upon the Association, the Board, or those persons who may have provided advice or assistance to the Board, for its failure to: establish a reserve account; have a current Reserve Study prepared or updated; or make the appropriate reserve disclosures.

Article IX

AMENDMENT OF BYLAWS

These Bylaws may be amended, modified, or revoked in any respect by the Board or by the general membership. *Amended per March 13, 2019 Board of Directors Meeting minutes.*

1. Amendment by the Board of Directors. The Board will review and discuss the proposed Bylaw Amendments during a regular Board meeting. If approved by the Board, the proposed Amendment shall

be submitted to the general membership (owners) in person, by first class US mail, and/or via electronic means for review (providing the owners consenting to electronic notice have submitted an email address). Comments and questions from owners shall be presented / addressed at the next regular Board meeting. After a final review and discussion, the Board shall vote to adopt the Amendment. The Amendment shall be adopted and becomes effective upon an affirmative vote by a majority of the Board of Directors. The Board members will sign the amended document at that meeting or the next regular Board meeting. The amended Bylaws will be posted to the Division 17 (Sunland North) website.

2. Amendment by Members. Association owners may request/submit an amendment to the Bylaws via submission of a petition following the process outlined in Article III, Section 6a of this document. The notice of the intended action and the text of the Amendment shall be presented at a regular meeting. A Special Meeting of the membership (owners) will be scheduled as described in Article V paragraph 9f of this document. The proposed amendment shall be submitted to the general membership as described in Section 1 above. The amendment shall be approved with a majority (51%) affirmative vote of the owners casting a ballot in person at the Special Meeting or by proxy. The Board members will adopt and sign the amended document at that Special meeting or the next regular Board meeting. The amended Bylaws will be posted to the Division 17 (Sunland North) website.

ADOPTION OF INITIAL BYLAWS

The foregoing Bylaws were adopted by majority vote of the Board of Directors of Sunland Division 17 Owners Association on this Third Day of September 2013.

SUNLAND DIVISION 17 OWNERS ASSOCIATION BOARD OF DIRECTORS

Original Document Signed 3 Sept 2013
James R. Karr, President

Original Document Signed 3 Sept 2013
Susan Hamman, Vice President

Original Document Signed 3 Sept 2013
Judy A. Field, Secretary

Original Document Signed 3 Sept 2013
Cynthia L. Rhodes, Treasurer

AMENDMENT # 5 TO DIVISION 17 BYLAWS

The following individuals hereby certify that the forgoing Amendment #5 to the Bylaws for SunLand Division 17 Owners Association was approved by a majority vote of the Division 17 Board of Directors on the 13th day of March 2019.

Original Document Signed March 13, 2019
Gary Fortmann, President

Original Document Signed March 13, 2019
James Jones, Treasurer

Original Document Signed March 13, 2019
Lawrence Charters, Secretary

Board Member Absent
Michael Johnson, Member at Large

Original Document Signed March 13, 2019
John Lewis, Vice President

DIRECTORY OF AMENDMENTS

Amendment 1: Article V, Paragraph 5a: *Selection of Board President*, Amended per **October 14, 2015** Board of Directors meeting minutes.

Amendment 2: Article V, Paragraph 13c(1): *Architectural Control Committee*, Amended per **April 13, 2016** Board of Directors meeting minutes

Amendment 3: Article VII, Paragraph 3, *Limits of Authority*, Amended per **April 12, 2017** Board of Directors meeting minutes.

Amendment 4: Article VIII, Addition of Appendix A (Reserve Fund Management Policy), Amended and Appendix A added, per **July 12, 2017** Board of Directors meeting minutes.

Amendment 5: Multiple revisions throughout the document (all revisions annotated) were made to update / clarify existing guidelines and / or to ensure the Association's Bylaws comply with the newly established RCW 64.90 (Washington Uniform Common Interest Ownership Act) directive, effective 1 July 2018. See *Introduction to the Bylaws* for details. Amended per **March 13, 2019** Board of Directors meeting minutes.

APPENDIX A

RESERVE FUND MANAGEMENT POLICY

1. Background. Washington State law requires Homeowners Associations to accrue funds for a Reserve Account as part of the members' annual assessments. The purpose of the Reserve Fund is to provide money to meet major maintenance, repair or replacement expenses that are expected to occur within 30 years, such as the replacement of roofs.

The requirements to establish a Reserve Fund and conduct Reserve Studies are outlined in RCW 64.38, RCW 64.90.525, Division 17 Bylaws Articles VII and VIII, and it's CC&Rs. *Amended per March 13, 2019 Board of Directors Meeting minutes.*

2. Purpose. The purpose of this policy is to give direction to the Division 17 Board as to how the Reserve Fund is to be managed. This policy outlines the general management principles and how they are to be implemented.

3. Reserve Fund Management. The general management principles are as follows:

- a. The Board shall have the authority and responsibility for the administration of this policy.
- b. The Board shall have the authority to delegate implementation to the Treasurer and / or another Board-designated person.
- c. The Board has the authority to revise the implementation process as future circumstances may dictate.
- d. The Board will monitor the ongoing investment activities to ensure proper liquidity and ensure that the investment strategy is consistent with the Association's objectives.
- e. This policy is to be reviewed and revised periodically as circumstances may dictate.
- f. The Board is authorized, if appropriate, to open and maintain a brokerage account with a national investment firm or with a bank.

4. Investing Reserve Funds.

- a. All investment instruments of the Reserve Fund shall strive to preserve the principal and to incur minimal risk.
- b. If it desires, the Board may seek the advice of a qualified investment professional.
- c. The Reserve Fund may be invested in either federally insured bank deposit accounts or in U.S. Government debt obligations.
- d. Accounts at banks shall be limited to \$250,000 per bank.
- e. Acceptable investment instruments include the following:
 - (1) Bank Saving Accounts
 - (2) Bank Money Market Accounts
 - (3) Bank Certificates of Deposit
 - (4) U.S. Treasury instruments
 - (5) Government Sponsored Enterprise Bond Issues
- f. Investment in Equities is prohibited
- g. The investments shall strive to maximize income consistent with the above principles.

h. Investments are to have “laddered” (staged) maturity dates to ensure that funds will be available and provide significant liquidity to meet the expected annual needs as forecasted in the Reserve Fund Study Report or in the case of an unanticipated major repair or emergency.