

**AMENDED & RESTATED BYLAWS OF  
SNOWLINE COMMUNITY CLUB**

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## AMENDED & RESTATED BYLAWS OF SNOWLINE COMMUNITY CLUB

### 1. IDENTIFICATION OF THE COMMUNITY AND THE ASSOCIATION

The name of the Community is: Snowline. The name of the Association is: Snowline Community Club, which will hereinafter be referred to as the "Association."

### 2. DEFINITIONS

All terms used in these Amended & Restated Bylaws shall have the same meanings ascribed to them in the Washington Homeowners' Association Act, Chapter 64.38 RCW (the "HOA Act"), and/or in the recorded Declaration of Restrictions, Covenants and Easements for Snowline (hereinafter "the Covenants") recorded in the Whatcom County Auditor's Office, and/or the Articles of Incorporation for the Association. The term "Governing Documents" as used herein shall mean the Covenants, these Amended and Restated Bylaws, and any Rules and Regulations adopted hereunder.

### 3. PURPOSE, PROCESS FOR AMENDMENT, APPLICABILITY

#### 3.1. Purpose of Amendment

The original Bylaws for the Association, dated July 3, 1982, were adopted prior to the effective date of the Act, and thus did not include language consistent with the legal requirements of the Act. The original Bylaws have been previously amended by [the](#) document dated May 10, 1991. These Amended & Restated Bylaws replace, in their entirety, the original Bylaws. These Amended & Restated Bylaws were amended in compliance with the provisions of Article IX of those original Bylaws.

#### 3.2. Applicability of Amended Bylaws

These Amended and Restated Bylaws are promulgated to provide for the self-government of the Community and to promote the safety, health, well-being, and enjoyment of its members. The administration and management of the Community and the actions of the Owners, the Association, and its Board of Directors and Officers shall be governed by these Bylaws, which shall entirely replace the original Bylaws. All present and future Owners and their family members, tenants, licensees, invitees, servants, agents, employees and any other persons who are permitted to use the Common Areas of the Community or benefit from services supplied by the Association shall be subject to these Bylaws and to the Rules and Regulations of the Association. ~~Acquisition, rental or occupancy of a Lot shall be deemed conclusive evidence of the Owner's, tenant's or occupant's acceptance and ratification of, and agreement to comply with, these Bylaws, the Declaration, and any Rules and Regulations now existent or hereafter adopted or amended.~~

### 4. OWNERS ASSOCIATION

#### 4.1. Form of Association

The Association ~~has been incorporated as~~ a non-profit corporation ~~under governed by the laws of the State of Washington under the~~ provisions of Chapter 24.03A RCW (the "Nonprofit Corporation Act"), ~~the HOA Act and other applicable law including those sections of Chapter 64.90 ("UCIOA") made applicable to the Association by operation of law. The rights and duties of the members and of said corporation shall be governed by the provisions of the Corporation Act and of the Covenants. The Association shall remain organized as a nonprofit corporation.~~

#### 4.2. Law Governing Association

~~The Community is primarily governed by the Act. The Community is also governed in part, by those provisions of the Uniform Common Interest Ownership Act, Chapter 64.90 ("UCIOA"), which apply to all Common Interest Communities as that term is defined by UCIOA. The rights and duties of the Members in relation to the Association shall also be governed by the provisions of the Covenants, as amended, and the Corporation Act. In case of any conflict between any of the foregoing, the Homeowners Association Act or UCIOA (in either case, the "Governing Law") shall control, and with respect to any conflicts between the Covenants and the Bylaws, the Covenants shall control.~~

#### 4.3.4.2. Registered Office and Registered Agent

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

#### 4.4.4.3. Powers of Association

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

- (a) Adopt and amend Rules and Regulations and, subject to the provisions of Section 10 hereof, adopt and amend Bylaws for the Association;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners, in the manner provided in Section 8.6 hereof;
- (c) Hire and discharge or contract with managers and other employees, agents, and independent contractors;
- (d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Community or the Association, but not on behalf of Owners involved in disputes that are not the responsibility of the Association;
- (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement, and modification of Common Areas;
- (g) Cause additional improvements to be made as a part of the Common Areas;
- (h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
- (i) Grant easements, licenses, and concessions through or over the Common Areas and petition for or consent to the vacation of streets and alleys;
- (j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Areas and for services provided to Owners;

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

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

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

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

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

#### 4.5.4.4. Membership

4.5.1.4.4.1. Basic Provisions. Each fee Owner or real estate contract vendee of a Lot in the Community shall be a Member of the Association. Ownership of a Lot shall be the sole qualification for membership in the Association, and the membership of the Association at all times shall consist exclusively of all the Owners. The ownership of an interest in a Lot solely as security for the performance of an obligation does not entitle the owner of such interest to membership in the Association. The term "Owner", as used in the remainder of these Bylaws, shall be deemed the equivalent of the term "Member", as used in the Corporation Act, unless the context otherwise clearly requires.

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

4.5.3.4.4.3. Rights and Privileges of Membership. Members in Good Standing shall have the right to run for and hold positions as Directors or Officers of the Association. Members in Good Standing, their family members, guests, and lawful tenants of Owners shall also have the privilege of using any special services and/or facilities provided by the Association for use by its Members, subject to the limitations in Section 11. Such rights and privileges of special services and/or facilities are subject to payment of all dues, charges or assessments as may be lawfully imposed by the Board of Directors from time to time, and are further subject to remaining in compliance with all other provisions of the Governing Documents. A Member who fails to pay all required dues, charges or assessments, ~~or who is found to have violated other provisions of the Governing Documents in a proceeding conducted under Section 7.10 hereof,~~ shall cease to be a Member in Good Standing and may lose any or all of the foregoing rights and privileges of membership until such time as the Member shall make all required payments and/or satisfy any conditions required of the Board. Additionally, any Member who is found to have violated other provisions of the Governing Documents, after being afforded the opportunity to request a hearing pursuant to Section 7.10, may be denied the privilege of using any special services and/or facilities provided by the Association until such time as the violation is resolved. Without limiting the generality of the foregoing, a Member who fails to pay any dues, charges, or assessments for more than ninety (90) days may have their gate cards/keys suspended/turned off after notice and an opportunity to be heard is conducted under Section 7.10 hereof.

#### 4.6.4.5. Transfer of Membership

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

#### 4.7.4.6. Meetings

4.7.4.6.1. Place of Meetings. Meetings of the Association shall be held at such place within the County within which the Community is situated as may be designated by the Board of Directors and stated in the Notice of the Meeting.

4.7.4.6.2. Annual Meetings. ~~The annual meeting of the Members of the Association shall be held in the third or fourth quarter of the fiscal year at such date, time and place as the Board shall determine. The purpose of the annual meeting shall be to review the activities of the Association during the prior year and to discuss plans and proposals for the current year, to elect Directors if not already elected without a meeting as provided herein, and to transact any other business as may properly come before the meeting. There shall be an Annual Meeting of the Association in the third or fourth quarter of each year. The Annual Meeting of the Association shall be held for the election of Directors and the conduct of such other business as may be properly brought before the Meeting. At the Annual Meeting, the Board of Directors shall present a report containing the following information:~~

~~(a) A balance sheet and a revenue and expense statement of the Association prepared on an accrual basis, which shall be current to ninety days—the balance sheet should show the condition of the Association's reserve account (if any);~~

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

~~(c) A statement of the amount of any reserves for repair or replacement and of any portions of those reserves currently designated by the Association for any specified projects; and~~

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

4.7.3.4.6.3. Special Meetings. ~~Special meetings of the Members of the Association may be called by the president, a majority of the Board, or upon the written request of Members to which twenty percent (20%) of the Members. In all cases, notice of Association meetings shall be prepared and provided by the Secretary or other officer of the Association. If a special meeting is requested by the requisite percentage of Members, the Board shall include on the agenda items requested by the Members, except that a vote of the Members shall only be placed on the agenda if a vote or the consent of the Members is required or authorized by the applicable law, the Covenants, or these Bylaws. Special Meetings of the Association may be called at any time for the purpose of considering matters which by the terms of the Governing Law or Governing Documents require the approval of all or some of the Owners, or for any other reasonable purpose. Such Meetings shall be called by written notice of the Secretary of the Association upon the decision of the President, or after request signed by a majority of the Board, or by written request by Twenty Percent (20%) of the Members. Only matters described in the Notice of a Special Meeting may be considered at such a Meeting, and the order of business at a Special Meeting shall generally conform to the order specified in the Notice of such Meeting.~~

4.7.4.6.4. Notices of Meetings. Notice of any Meeting of the Association shall be provided by the Secretary to all Owners not less than fourteen (14) nor more than fifty (50) days in

advance of the Meeting. In the event that an Agenda item at any Meeting involves a proposal to amend the Declaration of Covenants or the Association's Bylaws, the Notice shall include a copy of the text of the proposed amendment.

4.7.5.4.6.5. Manner and Content of Notice. The Notice of any Meeting of the Association shall be either hand-delivered or sent prepaid by first class United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner. With the advance written consent of any Owner, Notice may also be provided electronically to an e-mail or other electronic address specified by the Owner for such purposes. The Notice of any Meeting shall state the date, time and place of the Meeting, and the items on the Agenda to be voted on by the Members, including

without limitation, if appropriate, a list of the candidates seeking to be elected as Directors of the Association, all information required to be delivered to Owners in conjunction with the development of the Association's Annual Budget, the nature of any proposed amendment to the Declaration or Bylaws, and any proposal to remove a Director.

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

#### 4.8.4.7. Voting

4.8.4.7.1. Voting Rights. There shall be one vote per Lot, regardless of the number of Owners for a Lot. Each Owner has a right to vote at Meetings of the Association for the election of Directors and with respect to such other matters that are not within the powers of the Board of Directors as may lawfully come before the Meeting. Each Owner shall be entitled to one vote for each Lot owned by such Owner on each matter submitted to a vote of the Owners. In the event that a Lot is owned by the Association, the vote allocated to such Lot must be cast in the same proportion as the votes cast on the matter by Lot Owners other than the Association. Cumulative voting shall not be permitted. For purposes of determining voting rights, dues, assessments, fees, or charges where two or more adjacent and/or contiguous Lots are amalgamated into one single Lot, there shall continue to be the same number of Lots in the Association as existed prior to any such amalgamation.

4.8.2.4.7.2. Joint Owner Disputes. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. Since a Lot may be owned by a corporation, partnership, marital community, limited liability company, trust or other legal entity involving or comprising multiple persons, any director, officer, partner in, or trustee of any such entity may be deemed the Owner thereof to cast the vote for such Lot. Where a Lot is owned by more than one person, if only one of such persons is present at a Meeting of the Association, in person, by proxy or Ballot, such person is entitled to cast all the votes allocated to that Lot. If more than one of the multiple persons comprising an Owner are present, such Owner's vote may be cast only in accordance with the agreement of a majority in interest of such multiple persons. There is a majority agreement if any one of the multiple persons casts a vote for such Owner without protest being made promptly to the person presiding over the Meeting by any of the other persons comprising the Owner. In the absence of majority agreement, the conflicting votes shall be deemed an abstention of the vote for such Lot.

4.8.3.4.7.3. Proxies and Voting by Ballot. Votes allocated to a Lot may be cast by a Ballot or pursuant to a proxy duly executed by the Owner. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a Meeting of the Association prior to the vote being closed. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven months after its date of issuance. A Ballot shall not be valid unless it is signed by the Owner and received by the Association on or before the date and time of the Meeting at which it is to be counted, as directed in the Notice of the Meeting. A Ballot, when used at any Meeting of the Association, may be deemed the equivalent of a directed proxy, irrespective of its form; a Ballot may designate an individual either by name or by general description (e.g., "any Officer of the Association") and therein instruct such person how to vote on the matters to be decided at the Meeting for which the Ballot is prepared. Alternatively, a Ballot may consist of any form prepared by the Board, in written or electronic form, designed to obtain votes on matters constituting the business of the Meeting.

4.8.4.4.7.4. Voting Procedure. Unless otherwise required under the Governing Documents or by law, the vote of Owners holding a majority of the votes present, in person or by proxy or ballot, at any meeting of the Association shall be sufficient to decide any item of business at that meeting. In the event that the Board desires to prepare a Ballot for use at a Meeting, copies thereof may be served with the Notices of such Meeting, or may be distributed at the Meeting, at the option of the Board.



4.7.5. Alternate Voting Procedures. Whenever a vote or consent of the Owners is required for purposes other than budget ratification or removal of Directors, the Board may decide that in lieu of voting at or during a meeting of the Members, voting shall be conducted by mail, electronically, or otherwise, in accordance with this Section.

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(a) Voting by Written Ballot. Voting outside of a meeting may be conducted by written ballot in accordance with this Section. To ensure authenticity, written ballots shall require identification of the voting Owner's Unit or address, the Owner's signature, the Owner's printed name, and the date the ballot was signed. Written ballots may be returned to the Association or any designated agent thereof by any method specifically designated in the notice of such vote, including, but not limited to, mailing, shipping, hand delivery to a designated agent of the Association, deposit in one or more ballot boxes located on Association property, facsimile to a phone number provided in the notice, email of a scanned or photographed copy of the consent or ballot to an email address provided in the notice, or any similar method approved by the Board.

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(b) Voting Electronically. Votes may be conducted or registered electronically so long as: (a) Owners are given clear instructions on how to vote; (b) the voting platform (website, app, software program or the like) requires identification of the voting Owner's Unit or address, the Owner's name, and the date the vote was registered and provides some indicia of authenticity for each Member's vote, such as an electronic signature, or unique voting code; and (c) each Owner's vote, demonstrating compliance with all of the conditions above, can be reproduced in a tangible medium.

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4.8.5.4.7.6. Additional Procedures for Voting. The Board may, by resolution, adopt additional procedures, not inconsistent herewith, to assist the Board in maintaining the integrity of the voting process at meetings of the Association.

4.8.6.4.7.7. Quorums. A quorum is present throughout any Meeting of the Association if the Owners of Lots to which at least fifteen percent (15%) of the votes in the Association are allocated are present in person, or by proxy or Ballot at the beginning of the Meeting. For voting on any matter outside of a meeting, votes must be returned in sufficient quantity to constitute a quorum for an Association meeting. If the quorum requirement has not been met by the initial voting deadline, the Board may, in its discretion, extend the voting deadline for additional thirty (30) day periods until a quorum has been met, and shall promptly provide all Members with notice of the deadline extension. Votes received after the last deadline shall not be effective.

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

~~4-8-8-4.7.9. Conduct of Meeting. The President, or their designee, shall preside at Meetings of the Association and the Secretary, or their designee, shall keep the minutes of Meetings. The Board of Directors may adopt rules of procedure to govern any Board or Association meeting to the extent not inconsistent with applicable statutes or the Governing Documents, ~~for inclusion in the Association's permanent Minute Book. Until changed by resolution of the Board of Directors, Roberts Rules of Order, latest edition, shall govern the conduct of all Meetings of the Association when not in conflict with the Governing Law, the Declaration or these Bylaws.~~~~

## 5. BOARD OF DIRECTORS

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

5.1.1. Number of Directors. The number of Directors on the Board shall ~~initially be at least five (5) but no more than nine (9)~~ seven (7) persons elected by the Members of the Association. Newly elected Board members shall take office upon adjournment of the meeting at which they were elected. Promptly following such election, the Board shall elect or appoint the Officers of the Association described in Article 6 hereof.

5.1.2. Qualifications. All members of the Board of Directors must be Owners. All Owners serving on the Board must remain a Member in Good Standing. The term "Owner" in such context shall be deemed to include any director, officer, partner in, or trustee of any entity which is, either alone or in conjunction with another person or entity, an Owner. Any Officer or Director of the Association who would not be eligible to serve as such if (s)he were not a director, officer, partner in, or trustee of such an entity shall be disqualified from continuing in office if (s)he ceases to have any such affiliation with that entity. In the event a Lot has multiple Owners, no more than one (1) of the Owners of a Lot may serve on the Board of Directors at any given time. Only one (1) spouse from a married couple may serve on the Board of Directors at any given time, regardless of the number of Lots owned by the married couple. Only one director, officer, partner in, or trustee of any entity which is an Owner may serve on the Board of Directors at any given time, regardless of the number of Lots owned by the entity.

5.1.3. Term. Directors shall each serve for a term of one (1) year, and until their successors are elected. There shall be no Term limits.

### 5.2. Meetings

5.2.1. Annual Meeting. An annual organizational Meeting of the Board of Directors shall be held within 10 days after each Annual Meeting of the Association for the purpose of electing Officers and to establish a schedule of Regular Board Meetings for the ensuing year. No Notice shall be necessary to the newly elected Directors in order legally to constitute such Meeting, providing a majority of the entire Board is present at the Meeting.

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

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

5.2.4. Notice and Waiver of Notice. Notice of Regular or Special Meetings of the Board of Directors shall be given to each Director, by mail, receipted e-mail or digital equivalent, receipted telefacsimile or hand-delivery at least 72 hours prior to the time of the Meeting, and shall state the date and place and hour of the Meeting. Notice of Regular Meetings may also be given by providing each

Board member with a written schedule of Regular Meetings adopted for the ensuing year at any time after the Annual Meeting and at least seven days prior to the next succeeding Regular Meeting. Notice of a Special Meeting shall state the purpose[s] of the Meeting. Notice of a Meeting of the Board of Directors may be waived in a Record by a Director either before or after the Meeting. Attendance at a Meeting constitutes waiver of Notice of that Meeting, except where a Director attends a Meeting for the express purpose of objecting to the transaction of business because the Meeting is not lawfully called or convened. In a *bona fide* emergency, and if all of the Board members are present and so consent, no Notice shall be required and matters relating to the subject of the emergency may be considered at the Meeting.

5.2.5. Quorum and Voting. A quorum is deemed present throughout any Meeting of the Board of Directors if persons entitled to cast at least a majority of the votes on the Board of Directors are present at the beginning of the Meeting. Any one or more Directors may participate in a Meeting thereof by means of a conference telephone or similar communication equipment, allowing all persons participating in the Meeting to hear each other at the same time. Each Director shall have one vote, which must be cast in person; proxy voting is not permitted. The votes of a majority of the Board members present at a Meeting at which a quorum is present shall constitute the decision or act of the Board of Directors. If less than a quorum is present at a Meeting, the majority of those present may recess the Meeting to a designated time and place. A recessed Meeting may be held as designated upon such further Notice as may be necessary to assure attendance and to satisfy the "open meetings" requirements of Section 5.2.7 hereof; when a quorum is present any business may be transacted which might have been transacted at the Meeting as originally called.

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

5.2.7. Open Meetings. Except as hereinafter provided, all Meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents. Upon the affirmative vote in open meeting to assemble in closed session, the Board may convene in closed executive session to consider personnel matters, to consult with legal counsel or consider communications with legal counsel, or to discuss likely or pending litigation, matters involving possible violations of the Governing Documents, or matters involving the possible liability of an Owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict its consideration of matters during the closed portions of the Meeting to only those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board, following the closed session, reconvenes in open session, reasonably identifies the motion or other action considered in executive session, and votes again in the open session on such motion or other action. The requirements of this Section shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

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

### 5.3. Vacancies

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

#### 5.4. Removal of Directors

~~Directors may be removed from the Board, with or without cause, in accordance with the procedures of this Section. Notice of any regular or special meeting shall contain the proposal to remove the Director(s) by name. Any Director whose removal has been proposed shall be given an opportunity to be heard at that meeting. The Director shall be removed if a quorum is established at that meeting and a majority of the Owners present at that meeting vote in favor of removal. Any Director vacancy caused by removal shall be filled by election by the Members, either during the same meeting immediately after removal, provided notice of the potential for an election is contained in the removal meeting notice, or within sixty (60) days following the meeting at which the Director was removed. If all Directors are removed, any removed Director shall have the authority to conduct an immediate election to fill vacancies. Any Director elected to fill a vacancy under this Section may serve for the balance of the predecessor's term. The Owners, by majority vote of the voting power in the Association present and entitled to vote at any duly constituted Meeting of the Association at which a quorum is present, may remove any member of the Board of Directors with or without cause.~~

#### 5.5. Compensation

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

#### 5.6. Fidelity Insurance

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

#### 5.7. ~~Duty of Care~~ Standard of Care

~~Directors shall perform their duties in good faith, in a manner such Director believes to be in the best interests of the Association, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A Director shall perform the duties of a Director, including duties as a member of any Committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by (a) one or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matter presented; (b) legal counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or (c) a Committee of the Board upon which the Director does not serve, duly designated in accordance with a provision in the Bylaws, as to matters within its designated authority, which Committee the director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.~~

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#### 5.7. ~~Duty of Loyalty - Conflict of Interest~~

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

#### 5.8. Right to Indemnification

5.8.1. Claims Against Association. An action alleging a wrong done by the Association must be brought against the Association and not against any Owner or any officer, Director, or committee member of the Association.

5.8.2. Limitation of Liability for Utility Failure or Governmental Compliance. Except to the extent covered by insurance obtained by the Association, neither the Association nor the Board shall be liable for the failure of any utility or other service to be obtained and paid for by the Association, or for inconvenience or discomfort resulting from any action taken to comply with the Governing Documents, any law, ordinance, or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, for such injury or damage, or for such inconvenience or discomfort.

5.8.3. No Personal Liability. So long as an officer, Director, or committee member has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person, provided that this Section

shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

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5.8.4. Indemnity. The Association, by majority vote of the Board, may elect to defend and/or indemnify persons or entities against expenses and liabilities incurred or alleged against them by reason of their involvement with the Association. Except as provided in this Section, each officer, Director and committee member shall be defended and indemnified by the Association against all expenses and liabilities (including attorneys' fees) reasonably incurred by, or imposed in connection with, any claim or proceeding in which such person may become involved, by reason of holding or having held such position, regardless of whether or not such person holds such position at the time such expenses or liabilities are incurred. The Association's defense and indemnity obligations under this provision commence 20 days following a written request for defense and indemnity from the individual or entity to the Association's Board of Directors. Determination of indemnification rights and procedures for payment under this Section shall be as provided in the Washington Business Corporations Act, to the extent applicable through the Nonprofit Corporations Act as follows:

- (a) The Association shall not indemnify such persons in connection with a proceeding in which such persons are adjudged liable to the Association;
- (b) The Association shall not indemnify such persons where the act or omission constitutes intentional misconduct, knowing violation of the law, or for any such transaction in which such persons personally received a benefit to which such persons were not legally entitled;
- (c) The indemnity shall not extent to amounts paid in settlement unless the Association is a party to the proceeding or approves such settlement; and
- (d) The Association has no separate obligation to indemnify such persons if such expenses and liabilities are covered by any type of insurance.

~~The Association shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Association or the Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents. Directors and Officers shall not be personally liable for contracts made by them on behalf of the Association. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Association against amounts paid in settlement incurred by him or her in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Association, to the fullest extent authorized by RCW 23B.08.320, and 23B.08.500 through 23B.08.600, and any amendments thereto, irrespective of the fact that the Association is not incorporated under RCW 23B. See RCW 23B.17.030.~~

5.8.5.9. Advisory Committees

The Board of Directors may by resolution establish and appoint the members of one or more committees intended to obtain information for and provide advice to the Board, but not to exercise any of the powers of the Board, with respect to such matters as from time to time may be deemed useful by the Board. The members of any such committee may be Board members, Owners, or other persons whose participation is deemed useful by the Board, in its discretion.

## 6. OFFICERS

### 6.1. Principal Officers

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

### 6.2. Appointment of Officers

The Officers of the Association shall be appointed annually by the Board of Directors at its annual organizational Meeting.

### 6.3. Removal of Officers; Vacancies

An Officer may be removed by the Board of Directors with or without cause by the affirmative vote of a majority of the entire Board of Directors. A successor may be elected at any Regular Meeting of the Board of Directors or at any Special Meeting called for that purpose.

### 6.4. President

~~The President shall preside at all meetings of the Association and of the Board. He or she shall have all powers and duties usually vested in the office of the President, and shall have and perform such other duties as may be prescribed by the Board. The President is the chief executive Officer of the Association; (s)he shall preside at Meetings of the Association and shall serve as Chair of the Board of Directors; (s)he shall oversee the business of the Association such that the orders and resolutions of the Board of Directors may be carried into effect. The President shall be the Officer authorized and empowered to prepare, execute, certify, and record all lawful amendments authorized to be made to the Governing Documents on behalf of the Association.~~

### 6.5. Vice President

The Vice President shall perform the duties and exercise the powers of the President in the absence or disability of the President and shall perform such other duties as the Board of Directors may prescribe.

### 6.6. Secretary

~~The Secretary or their designee shall keep the minutes of all meetings of the Board and of the Association and shall oversee retention of the business records of the Association, other than the retention of financial records which is overseen by the Treasurer. The Secretary shall also perform such other duties as may be prescribed by the Board. The Secretary shall attend all Meetings of the Board of Directors and of the Members and shall record the voting and the minutes of all proceedings in a minute book to be kept for that purpose. The Secretary shall give Notice of Meetings of the Association and the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary, with the assistance of the Treasurer, shall compile and keep current at the principal office of the Association all records required by Section 8.4 hereof. The Secretary shall keep current and retain custody of the minute books of the proceedings of the Association and the Board of Directors and may maintain a~~

~~separate Book of Resolutions containing copies of resolutions of the Board intended to have ongoing or permanent effect. An Assistant Secretary may perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe.~~

#### 6.7. Treasurer

~~The Treasurer shall have responsibility for oversight of Association funds and securities and shall be responsible for oversight and the keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall exercise control over all funds and securities of the Association except those which are placed under the control of a Manager. The Treasurer shall deposit all funds of the Association in such federally insured financial institution(s) as may be designated by the Board of Directors. The Treasurer shall disburse funds in accordance with the Association's Budget and as ordered by the Board of Directors. With the assistance of any accountant or Manager employed by the Association, the Treasurer shall keep the books of the Association on an accrual basis, with detailed accounts of the receipts and expenditures affecting the Association, in at least the detail required by Section 8.4 hereof. The books and supporting vouchers and records shall be available for examination by the Owners and their duly authorized agents or accountants or attorneys, during regular business hours in the manner set by the Board of Directors. All books and records shall be kept in accordance with generally accepted accounting principles, in a manner consistent with homeowners' association auditing guidelines. The Treasurer shall be responsible for preparation of the Association's annual financial statement required by Section 8.5 hereof. An Assistant Treasurer may perform the duties and exercise the powers of the Treasurer in the absence or disability of the Treasurer and shall perform such other duties as the Board of Directors may prescribe. In the absence of a specifically appointed Vice President, the Treasurer shall serve as Vice President.~~

#### 6.8. Compensation of Officers

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

#### 6.9. Signature Authority

Any document signed on behalf of the Association which affects any of the Association's property or may, in any way, subject the Association to liability must bear the signatures of at least two members of the Board of Directors.

### 7. ENFORCEMENT OF PROVISIONS OF GOVERNING DOCUMENTS

#### 7.1. Authority of the Board

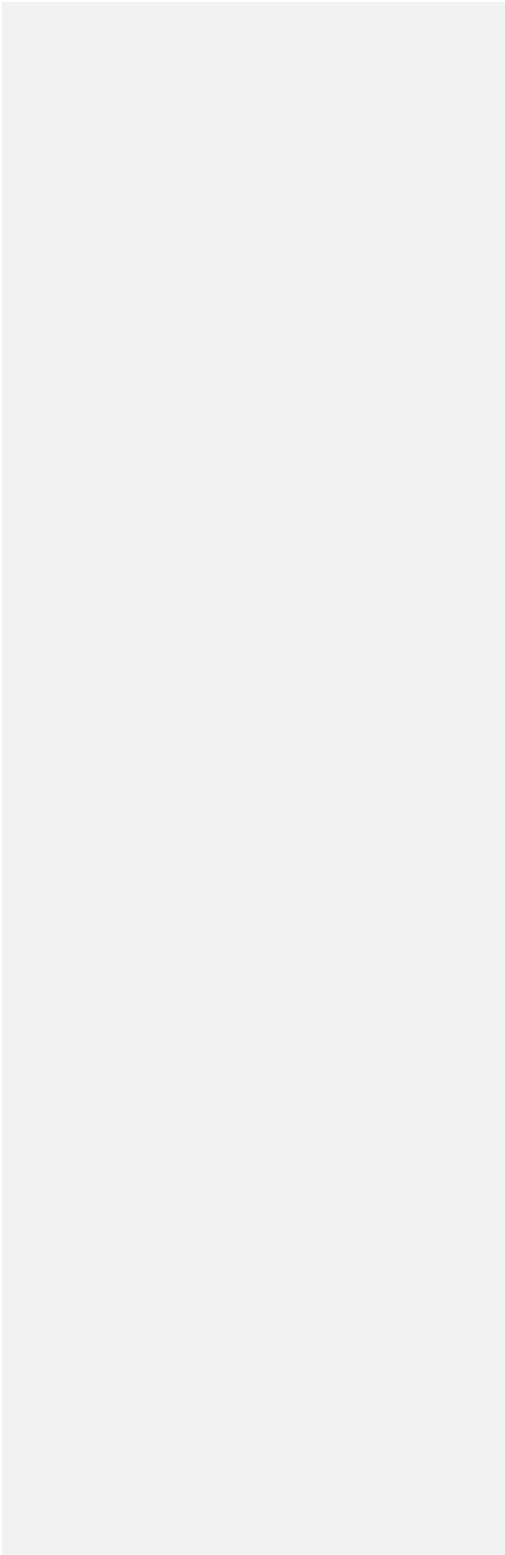
The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Covenants and other Governing Documents. Without limiting the authority and powers conferred upon the Board by Governing Law, the Board shall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

#### 7.2. Abatement of Violations

A violation of provisions of the Governing Documents relating to the Common Areas shall give the Association the right to abate unauthorized structures or conditions within the Common Areas caused by such violation; PROVIDED, that this remedy shall not be utilized when a breach of the peace may ensue.



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### 7.3. Legal Proceedings

Failure to comply with any of the terms of the Governing Documents shall be grounds for legal relief, including without limitation, actions to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Assessments, any other relief provided for in these Bylaws, any applicable law, or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association or, if appropriate, by any aggrieved Owner, and shall not constitute an election of remedies.

### 7.4. Costs and Attorney's Fees

The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the enforcement of the Governing Documents and/or the collection of delinquent Assessments, whether or not such enforcement or collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment. In any other proceeding arising out of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court. In the event that the prevailing party is the Association, the costs and attorney's fees so awarded shall constitute a Special Assessment against the Owner's Lot.

### 7.5. Late Charges and Interest

The Board may impose and collect reasonable late charges to encourage prompt payment of Assessments. Until changed by resolution of the Board with advice of counsel, the Board may collect a late charge: (a) when any Assessment or installment thereof is received by the Association more than fifteen (15) days beyond the due date of such Assessment or installment; (b) in an amount not to exceed the greater of \$50.00 or ten percent (10%) of the amount of said Assessment or installment. Additionally, when any Assessment or installment thereof is past due by ninety (90) days, the Association can assess an additional late fee of Two Hundred Fifty Dollars (\$250). In addition to any late fees, delinquent Assessments shall bear interest from the date of delinquency at the rate of 12% per annum, or the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

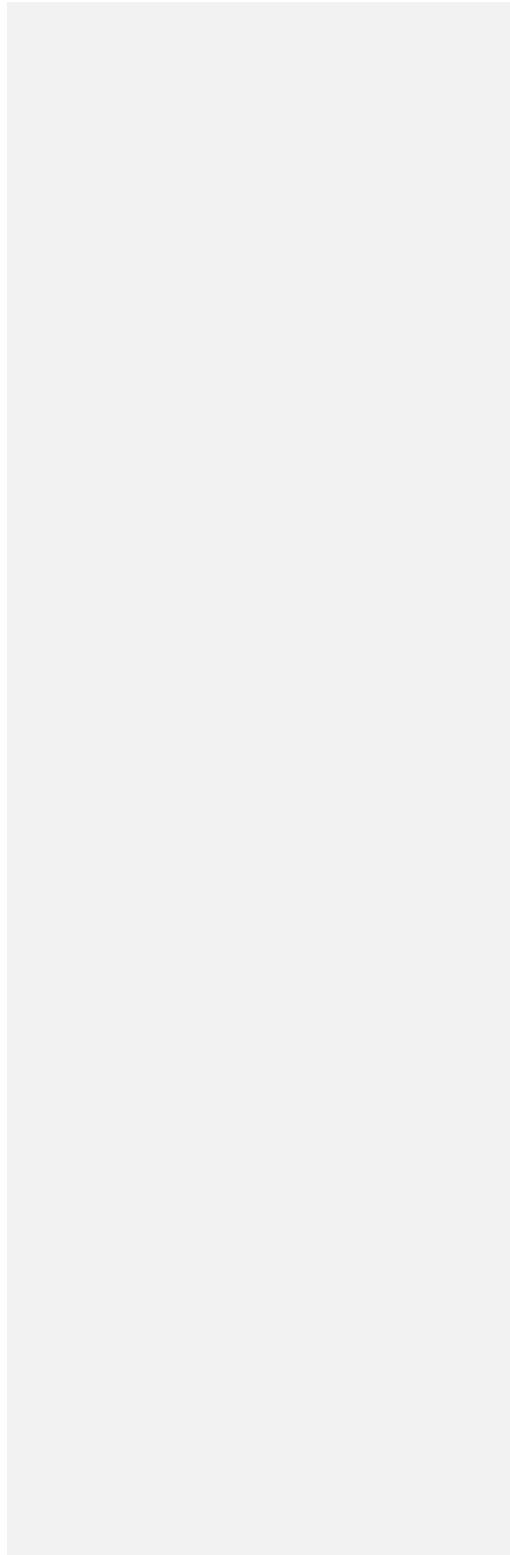
### 7.6. Fines and/or Suspension

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

### 7.7. Liability for Conduct Causing Common Expense

Each Owner shall be liable under a Special Assessment for the cost of all maintenance, repair or replacement rendered necessary by the Owner's act, neglect or carelessness, or the act, neglect or carelessness of any member of the Owner's family or the Owner's guests, employees, agents, tenants or licensees. To the extent that any Common Expense is caused by the misconduct of any Owner or the Owner's family, guests, employees, agents, tenants or licensees, the Association may specially assess that expense against the Owner's Unit, PROVIDED that no such Special Assessment may be levied unless the Owner has been provided with notice of and an opportunity to be heard at a hearing to be conducted pursuant to Section 7.10 of these Bylaws.

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#### 7.8. No Waiver of Rights

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

#### 7.9. Remedies Cumulative

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

#### 7.10. Pre-Sanction Hearings

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

##### 7.10.1. Notice of Violation

A written Notice of Violation shall be prepared and i) hand-delivered, ii) mailed by registered or certified mail, return receipt requested, or iii) e-mailed (for any Owner who has consented, in writing, to receive e-mail notices from the Association) to such Owner at his or her last known mailing address. The Notice of Violation shall include:

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

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

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

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

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

7.10.3. Establishment of a Hearing Date. ~~If a hearing is requested by an Owner, no sanction may be imposed until the requested hearing is held.~~ Upon receipt from an Owner of a Request for Hearing, a Notice of Hearing shall be prepared and i) hand-delivered, ii) mailed by registered or certified mail, return receipt requested, or iii) e-mailed (for any Owner who has consented, in writing, to receive e-mail notices from the Association) to such Owner. The Notice of Hearing shall include the location, date and time of the hearing.

7.10.4. Hearing Procedures. ~~At the hearing, the affected owner shall have a reasonable amount of time under the circumstances to present evidence and arguments to the Board regarding the violation. Specific time limits may be set out in the Notice of Hearing. Additional time may be granted by mutual agreement of the parties. Presentation of evidence or argument shall be subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issue. Other owners may be allowed to present evidence or argument demonstrating the violation or in favor of the imposition of fines in accordance with procedures established by the Board, or at the discretion of the Board. At the hearing, the President, or his or her designee, shall preside. The hearing shall be conducted generally in accordance with the requirements for Meetings of the Board as provided in Section 5.2 of these Bylaws. Any Director who feels that it would be impossible to be fair, objective, and unbiased in the proceedings shall disqualify himself or herself prior to the commencement of the hearing. Both the Owner who is the subject of the hearing and the Association may be represented by counsel. Minutes shall be taken and, if requested by either the Association or the Owner, the hearing may be recorded either stenographically, or by audio or video tape or equivalent means. After receiving proof of the giving of the two Notices required by Sections 7.10.1 and 7.10.3 of these Bylaws, factual evidence in support of the allegation that a violation has occurred will be received. Live testimony from witnesses with personal knowledge shall be received where practicable. Affidavits or declarations in the form required by RCW 9A.72.085 may, however, be received in lieu of live testimony as the interests of justice may require, and formal adherence to legal rules of evidence shall not be required. Thereafter, evidence from the Owner, in defense or toward mitigation, shall be received. Any rebutting evidence may then be received. Legible copies of all documentary evidence received shall be attached to the minutes of the hearing. At the close of the evidence, both sides shall have the opportunity for legal argument.~~

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

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

7.10.7. Decision. The Board may issue its decision at the close of the hearing or may adjourn and render its decision at a later date. ~~The Board shall endeavor to render a decision within, not to exceed thirty (30) days following the date of the hearing or any continuation thereof. The decision shall be in writing but need not contain detailed findings of fact or conclusions of law and shall be delivered or mailed to the Owner and his or her attorney on the date of issuance. The original copy of the decision shall be dated and signed by the presiding Officer and filed among the minutes of the Board of Directors.~~ The Board's decision shall be i) hand-delivered, ii) mailed by registered or certified mail, return receipt requested, or iii) e-mailed (for any Owner who has consented, in writing, to receive e-mail notices from the Association) to such Owner.

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

7.11. Alternative Forms of Dispute Resolution Authorized

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

## 8. MANAGEMENT OF COMMUNITY

### 8.1. Management by Board of Directors

The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Governing Law or the Governing Documents required to be exercised and done by the Association through a vote of the Owners. The Board of Directors is charged with the responsibility for formulating and adopting all policy decisions affecting the Community.

### 8.2. Professional Management

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

(a) Requirements. Any Manager shall be a *bona fide* person or business enterprise which manages common interest residential communities. Such firm or its principals shall have a minimum of two years' experience in real estate community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of the Condominium and the Property. ~~The Manager must be able to advise the Board of Directors regarding the corporate and administrative operations of the Association and shall employ or retain personnel knowledgeable in the areas of condominium insurance and accounting, contract negotiations, and maintenance of corporate records.~~

(b) Duties. The Manager shall perform such duties and services as the Board of Directors shall direct. The Manager shall perform all such duties and services relating to the management of the Property, maintaining the Association's records and finances, administering reserve funds and any and all other management obligations, in compliance with the provisions of the Covenants and these Bylaws.

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

(a) the accrual method of accounting shall be employed, and expenses required by the Covenants or these Bylaws to be charged to one or more, but fewer than all Owners, shall be accounted for separately;

(b) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

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

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

(e) any financial or other interest which the Manager may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) a quarterly financial report shall be prepared for the Association containing the information required under Section 8.4.1 of these Bylaws;

(g) the Manager shall maintain separate records and bank accounts for each homeowners' association or other common interest community owners' association that uses its services and shall not have the authority to draw checks upon or to transfer funds from this Association's reserve

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accounts, except as provided in Section 8.3.3 hereof;

(h) the Manager shall not expend more than \$1,000 on the Association's behalf without the Board's prior written consent; and

(i) the Manager shall assist the Board in preparation of its Annual Budget for operating expenses and reserves and shall periodically advise the Board on the adequacy of the Association's reserves for repair, renovation, and replacement of the Common Elements and other capital expenditures.

8.2.3. Scope of Delegation. The Board of Directors may ~~delegate to the Managing Agent authorize a Manager to act on behalf of and as the Association's agent. The Board shall not delegate authority to the Manager with respect to -all of the powers granted to the Board of Directors of the Association by the Covenant other than the~~ powers to amend the Bylaws or Rules and Regulations, to make Assessments against Unit Owners or determine the manner for doing so, to open bank accounts for the Association or to designate the signatories thereon, to borrow money on behalf of the Association, or to acquire any real property or any personal property with a value in excess of Five Hundred Dollars in absence of a special resolution of the Board.

~~8.2.4. Management Agreement. In the event that the Board enters into a management agreement with a professional Manager or Managing Agent, said agreement shall be in writing and shall contain provisions authorizing termination of the agreement without penalty by the Association for cause upon thirty (30) days' written notice or without cause upon ninety (90) days' written notice and shall not exceed a term of one (1) year, renewable by agreement of the parties for successive one-year periods.~~

### 8.3. Bank Accounts for Operations and Reserves

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

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

8.3.3. Reserve Accounts. Any reserve funds shall be kept in one or more segregated, interest bearing accounts, and any transaction affecting such funds, including the issuance of checks, shall require the signatures of at least two persons who are Officers or Directors of the Association.

### 8.4. Association Records

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

(a) ~~an "income statement" reflecting~~ all income and expense activity for the preceding quarter on an accrual basis;



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

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

~~(c)~~

(c) a quarterly "balance sheet" report reflecting the financial condition of the Association on an unaudited basis;

an unaudited basis;

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

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

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

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

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

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

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

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

(d) The minutes from Association and Directors' meeting books, including all minutes, and along with all the separate Book of Resolutions required by Section 6.6 hereof;

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

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

(g) If reasonably available, a copy of the Developer's plans and specifications utilized in the construction of the Common Area improvements;

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

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

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

addresses, if known; (k) A roster of the Owners and their addresses, telephone numbers, and e-mail

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

(m) All other contracts to which the Association is a party.

8.4.3. Ownership of Records, Inspection. All financial records and other books, records and documents of the Association are and shall remain the property of the Association but shall be made reasonably available for examination and copying by the Association's Manager, any Owner, or the Owner's authorized agents for legitimate reasons relating directly to the Association. However, the Association shall not release the unlisted telephone number or e-mail address of any Owner without such Owner's consent and shall protect any other information regarding any or all Owners that may be reasonably considered private and unrelated to Association's legitimate affairs, or that are otherwise privileged from disclosure by law. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records.

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

At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. The annual financial statements of an Association with annual Assessments of fifty thousand dollars or more are required by the Act to be audited at least annually by a certified public accountant. This annual audit may, however, be waived on an annual basis if not less than sixty-seven percent of the votes cast by Owners, in person or by proxy, at a Meeting of the Association at which a quorum is present, vote to waive the audit.

#### 8.6. Annual Budget - Development with Reserve Study Requirements

8.6.1. Budget for Common Expenses and Meeting to Ratify Same. The Board shall adopt a proposed annual budget for the Community which includes, at a minimum, the following:

- (a) The projected income to the Association by category;
- (b) The projected common expenses and those specially allocated expenses that are subject to being budgeted, both by category;
- (c) The amount of the assessments per Lot and the date the assessments are due;
- (d) The current amount of regular assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the association has a reserve study that meets the requirements of Chapter 64.38 RCW and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per Lot basis.

Within thirty days after adoption of any proposed budget for the Community, the Board shall provide a copy of the budget to all the Owners and set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than fifty (50) days after providing the budget. Unless at that meeting the Owners of a majority of all of the Lots in the Association vote to reject the budget, the budget and the assessments against the Lots included in the budget are ratified, whether or not a

quorum is present. If the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners continues until the Owners ratify a subsequent budget proposed by the Board.

8.6.2. Special Assessments. The Board, at any time, may propose a Special Assessment to all Lots. The Special Assessment is effective only if the Board follows the procedures for ratification of a budget described in Paragraph 8.6.1 and the Owners of a majority of all of the Lots in the Association do not reject the proposed Special Assessment. The Board may provide that the Special Assessment be due and payable in installments over any period it determines and may provide a discount for early payment.

#### 8.7. Reserves for Major Repairs and Replacements

8.7.1. Establishment of Reserves. The Board of Directors may establish and maintain reasonable reserves for major repairs and replacements. The Annual Budget of the Association may contain provisions for such reserves. The Board may also establish and maintain reserve funds for operations, capital improvements and for such other purposes as may appear advisable. All reserves shall be identified and segregated on the books of the Association. The portions of the Lots' Assessments paid into such reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Association by the Lot Owners. Such reserves may be expended only for the purposes for which they were established unless the Lot Owners, at a duly-constituted meeting of the Association, otherwise decide, or if the process described in Section 8.7.3 hereof is utilized.

8.7.2. Reserve Study Required by State Law. Unless doing so would impose an unreasonable hardship and so long as the Association has "significant assets", the Association shall prepare and update a Reserve Study in accordance with RCW 64.38.065 unless the Community is otherwise exempt under RCW 64.38.090.

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

### 9. NOTICE

#### 9.1. Manner of Notice

Notice to Lot Owners shall be provided in the manner prescribed in Section 4.7.5 hereof. Notice of Directors' Meetings shall be given as prescribed in Section 5.2.4 hereof.

#### 9.2. Waiver of Notice

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

10. AMENDMENT OF BYLAWS

Amendments to these Bylaws may be adopted: i) by the vote of at least two-thirds of the Lots present, in person or by proxy, at a duly constituted meeting of the Association at which a quorum is present; provided, however, that any proposed changes to the Bylaws must be available for inspection by the Owners at the clubhouse at least fifteen (15) days prior to any such meeting, or ii) without any meeting if all Lots have been duly notified of the proposed amendment and Lots holding at least fifty-one percent (51%) of the total votes in the Association consent in writing to such amendment. . Amendments may be proposed by the Board of Directors or by petition signed by Owners representing at least one-third of the votes in the Association.

11. USE OF ASSOCIATION FACILITIES

11.1. Right to Use Facilities

No person except a Member of the Association, the ~~f~~Family of such Member, ~~and/or~~ the Member's ~~g~~Guests or the Resident of a Lot shall use any facilities owned, leased, or contracted for by the Association for any purpose whatsoever. Use of any such facilities by Guests or Residents may be subject to additional restrictions, limitations and/or subject to additional charges or fees as properly adopted by the Board. For any Lot that is owned by multiple individuals, (which shall not include Lots that are owned solely as "community property" as defined by Washington State law) or in the name of an entity such as a partnership, trust, association or corporation, the Owners of said Lot, or the Corporation owning the Lot, may designate no more than six (6) individuals who, along with their Families and Guests, shall be entitled to use of facilities, subject to the terms herein. The individuals designated by the multiple owners or must be owners of the lot or have an ownership interest in the entity that owns the Lot. The designation of individuals by multiple owners or an entity may be changed once every twelve months. Since a Lot may be owned by a corporation, partnership, marital community, limited liability company, trust or other legal entity involving or comprising multiple persons, any director, officer, partner in, or trustee of any such entity may be deemed the Member for purposes of this section.

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11.2. Use Other than by Members

No club or organization consisting of unrelated individuals are permitted to use any of the Association's facilities or properties without the express written consent of the Board, which the Board may deny at its sole discretion. The Board's approval of an exception to the rule set forth herein shall not constitute a waiver of the Board's ability to reject any other request(s).

11.3. Family Definition

The term "Family" as used herein shall include a Member's spouse, domestic partner, children, the Member's dependents and all persons within the third-degree of relationship to a Member, ~~or the Member's spouse.~~

11.4. Guest Definition

The term "gGuest" as used herein shall include any persons, other than Members, Residents or their Family, visiting the Community ~~on a temporary basis~~ with the permission of a Member, ~~or lawful tenant of a Lot who does not occupy the same for longer than two weeks in any one year,~~ including the family and guests of such tenant.

11.5. Resident Definition

The term Resident as used herein shall include any person with exclusive right to occupy a Lot with intent to use the Lot as their domicile. Owner's must notify the Association of any person(s) occupying their Lot

as a Resident.

11.5.11.6. Use Fees

The Board may levy charges for the use of Association facilities or services by Members, Guests, Residents or ~~by~~ non-members.

12. MISCELLANEOUS

12.1. Compliance with Law

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

12.2. Conflict

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

12.3. Severability

If any provision of these Bylaws or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions of these Bylaws are declared to be severable.

12.4. Captions

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

12.5. Gender, Number

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

IN WITNESS WHEREOF, Snowline Community Club, a Washington Nonprofit corporation, has caused this instrument to be adopted as its Bylaws at a duly called General or Special Meeting of the Owners on held on October 19, 2019\_\_\_\_\_.

ATTEST:

\_\_\_\_\_  
President