

BYLAWS  
OF  
SOLANA ESTATE LOTS HOMEOWNERS ASSOCIATION

The following are Bylaws of Solana Estate Lots Homeowners Association, a corporation organized under the Washington Nonprofit Corporation Act (RCW 24.03, the "Nonprofit Corporation Act"). These Bylaws provide for operation of property known as Solana Estate Lots, platted as Solana Estate Lots under Clallam County Recording No. 2006-1177015, located in Sequim, Clallam County, Washington (the "Property"), which is subject to the provisions of that certain Declaration of Covenants, Conditions, Restrictions, Easements and Reservations for Solana Estate Lots as recorded under Clallam County Recording No. 2006-1177017, as it is and may be amended from time to time (the "Declaration"). They apply to the entire Property, each Lot (as the term "Lot" is defined in the Declaration) therein, and all Common Areas. All present and future Owners, Mortgagees and other encumbrancers, lessees, tenants, licensees, and occupants of Lots, and their guests and employees, and any other person who may use the facilities of the Property are subject to these Bylaws, the Declaration, and the rules and regulations pertaining to use and operation of the Property.

Words and phrases that are defined in the Declaration shall have the same meaning in these Bylaws.

ARTICLE 1. MEMBERSHIP: VOTING: REGISTER

Section 1.1 Membership. The owners of Lots in the Property shall constitute the Association. Corporations, partnerships, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be Members of the Association. Owners of a lot as joint tenants, tenants in common, community property, or other ownerships involving more than one owner, shall be joint Members of the Association, but the sum total of their vote shall not exceed the voting power allocated to the Lots owned.

Section 1.2 Votes. The voting power of the Members shall be as provided in the Declaration and the Articles.

Section 1.3 Multiple Owners. If only one of the multiple Owners of a Lot is present at a meeting of the Association, the Owner is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners is present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if anyone of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the lot.

Section 1.4 Voting Representatives. An Owner may, by written notice to the Board, designate a voting representative for the Lot. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in a Lot, or by actual notice to the

Board of the death or judicially declared incompetence of any person with an ownership interest in the Lot, except in cases in which the person designated is a Mortgagee of the Lot. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact of the Owner under a durable power of attorney, or the administrators or executors of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Lot shall be the group composed of all of its Owners. If a Lot is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

Section 1.5 Voting by Proxy: Pledged Votes to Mortgagee. Votes allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. If a Lot is owned by more than one person, each Owner of a Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. A Lot 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. 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 11 months after its date of issuance. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If an Owner is in default under a first mortgage on the lot for one year or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

Section 1.6 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

Section 1.7 Register of Members. The Board shall cause a register to be kept containing the names and addresses of all Members of the Association. Persons who purchase an interest in a Lot shall promptly inform the Board of their interest. Persons who claim to be Members of the Association shall, upon request, furnish the Board with copies of any documents under which they assert ownership of a Lot or any interest therein, and any Mortgages thereon.

## ARTICLE 2. MEETINGS OF MEMBERS

Section 2.1 Place. Meetings of the members of the Association shall be held at such suitable place as may be convenient to the membership and designated from time to time by the Board.

Section 2.2 Annual Meeting. The annual meeting of the Association shall be held in the first quarter of each fiscal year on a date fixed by the Board, which date shall not be less than 14 nor more than 60 days after notice of the meeting is given to the members. At such annual meeting the Owners shall elect members to the Board or fill vacancies therein, and transact such other business as shall properly come before the meeting.

Section 2.3 Special Meetings. A special meeting of the Association may be called by the president, by resolution of the Board, upon the written request of a majority of the Board or upon the written request of Owners having 20% of the votes in the Association not less than 14 nor more than 60 days in advance of the meeting. No business shall be transacted at a special meeting except as stated in the notice given therefor unless consented to by four-fifths ( $4/5^{ths}$ ) of the Owners present either in person or by proxy at the meeting.

Section 2.4 Notice of Meetings. It shall be the duty of the secretary to give notice of each annual, budget and special meeting. Such notice shall be 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 Lot Owner, to each member of the Association. Additionally, Notice may be provided by electronic transmission (email), provided the corresponding Member has consented in writing to receiving notices by electronic transmission in accordance with RCW 64.38.035(c). Said consent to receive notices by electronic transmission may be revoked by the corresponding member by providing a written record of the revocation to the Secretary of the Board. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in assessment obligations, and any proposal to remove a director or officer. Before any meeting of the Association, any member may, in writing, waive notice of such meeting. Attendance by a member at a meeting of the Association shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins.

Section 2.5 Quorum. The presence in person or by proxy of members of the Association or voting representatives holding 25% of the total voting power shall constitute a quorum for the transaction of business at any meeting of members of the Association.

Section 2.6 Adjournment of Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members present, in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 2.7 Majority Vote. Except as otherwise provided by the Declaration, the Articles or these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is present, shall require the affirmative vote of at least 51 % of the votes present.

Section 2.8 Voting by Mail. The Board may decide that voting of the members shall be by mail with respect to any particular election of the Board or with respect to

adoption of any proposed amendment to the Declaration or Bylaws, or with respect to any other matter for which approval by Owners or members is required by the Declaration or Bylaws, in accordance with the following procedure:

(a) In case of election of directors by mail, the existing directors shall advise the Secretary in writing of the names of nominees for all directors to be elected and of a date not less than 50 days after such advice is given by which all votes are to be received. The Secretary, within five days after such advice is given, shall give written notice to all Owners of the number of directors to be elected and of the names of the nominees. The notice shall state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of directors to be elected, by notice in writing to the Secretary at the address specified in the notice, to be received on or before a specified date not less than 15 days from the date the notice is given by the Secretary. Within five days after the specified date, the Secretary shall give written notice and/or ballot to all Owners stating the number of directors to be elected, the names of all persons nominated by the Board, the names of persons nominated by members and the date by which votes of the Owners must be received by the Secretary at the address specified in the notice.

Votes received after that date will not be effective. All persons elected as directors pursuant to an election by mail shall take office effective on the date specified in the notice for the receipt of votes.

(b) In the case of a vote by mail relating to any other matter, the Secretary shall give written notice and/or ballot to all Owners, which shall include a proposed written resolution setting forth a description of the proposed action and shall state that the Owners are entitled to vote by mail for or against the proposal by delivering the vote on or before a specified date not less than 20 days after the notice to the address specified in the notice. Votes received after that date shall not be effective. Any such proposal shall be adopted if approved by the affirmative vote of not less than a majority of the votes entitled to be cast on such question, unless a greater or lesser voting requirement is established by the Declaration or Bylaws for the matter in question.

(c) Delivery of a vote in writing to the specified address shall be equivalent to receipt of a vote by mail at such address for the purpose of this Section.

Section 2.9 Written Ballot. At the discretion of the Board, any matter which might come before the Association at a meeting, including election of directors, may be determined by written ballot, rather than at a meeting. Ballots shall be sent to all Owners in the same manner as notice of meetings, with a specified deadline for return of ballots. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage of ballots returned, unless approval of a specified percentage of all voting power is required by law, the Declaration or these Bylaws. The vote by ballot shall be determined by the Board within 48 hours of the deadline for return of ballots. Within 10 days after the ballots have been counted, each Owner shall be notified by mail or other delivery of written notice of the results of the ballot or that a quorum of ballots was not returned.

Section 2.10 Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with a motion:

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

Section 2.11 Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

### ARTICLE 3. BOARD OF DIRECTORS

Section 3.1 Number, Term and Qualifications. The affairs of the Association shall be governed initially by a Board of five directors. The term of office for directors will begin on the first day of the calendar month following the date of adjournment of the meeting at which they are elected. The normal term of office for directors will be for two years and until their successors are elected and take office. However, to provide for staggered terms, at the first annual meeting one-half of the number of directors (or the whole number nearest to one-half) shall be elected for one year and the remainder shall be elected for two years. A majority of the directors shall be Owners. The following shall be considered as Owners for the purpose of election to the Board: any officer, director or shareholder of a corporation; any partner of a partnership; any member of a limited liability company; any trustee or beneficiary of a trust.

Section 3.2 Powers and Duties. The Board shall have the powers and duties provided for the administering authority of the Property in the Declaration, and all other power necessary for the administration of the affairs of the Association, and may do all such acts and things as are not prohibited by statute or by the Declaration required to be done in another manner.

Section 3.3 Vacancies. Vacancies on the Board caused by reasons other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so selected shall be a director until a successor is elected at the next annual meeting of the Association to serve the balance of the unexpired term.

Section 3.4 Removal of Directors. At any regular or special meeting, anyone or more of the directors may be removed, with or without cause, by members holding a majority of the votes in the Association and a successor may then and there be elected to fill the vacancy thus created and to serve the balance of the unexpired term. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 3.5 Compensation. Unless approved by members holding a majority of the votes, no compensation shall be paid to directors for their services as directors.

Section 3.6 Organization Meeting. The first meeting of the newly elected Board shall be held within ten days of election at a place to be fixed by the directors at the meeting at which the directors were elected, and no notice shall be necessary to the newly elected directors in order legally to call the meeting, providing a majority of the whole Board shall be present at the meeting.

Section 3.7 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each director personally or by mail, telephone, or facsimile, at least three days before the day fixed for the meeting.

Section 3.8 Special Meetings. Special meetings of the Board may be called by the president on three days' notice to each director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by either the president or secretary in like manner and on like notice on the written request of any two directors.

Section 3.9 Waiver of Notice. Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

Section 3.10 Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.11 Action by Directors Without a Meeting. Any action required or permitted to be taken at a meeting of the Board may be taken:

- (a) Without a meeting if a written consent setting forth the action to be taken

is signed by every director. Any such written consent shall be inserted in the minute book as if it were the minutes of a meeting of the Board.

(b) By communicating simultaneously with all directors by means of a conference telephone or similar communications equipment. Minutes of such simultaneous communications shall be inserted in the minute book as if they were the minutes of a physical meeting of the Board.

Section 3.12 Open Meeting. Any Owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate except with the consent of the Board. The Board may, however, go into private, executive session to consider the employment or dismissal of the managing agent or other persons employed by the Association, or to hear complaints or charges brought against such person, unless the person requests a public hearing, or to discuss with legal counsel litigation in which the Association is or is likely to become a party if public discussion would adversely affect the interests of the Association in such litigation.

#### ARTICLE 4. OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by and from the Board. The directors may appoint from the Board such other officers as in their judgment may be necessary or desirable. Two or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. They shall hold office at the pleasure of the Board.

Section 4.3 Removal of Officers. At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting.

Section 4.4 President. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board and shall have all powers and duties usually vested in the office of the President.

Section 4.5 Vice President. The vice president shall perform the duties of the president when the president is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Board and of the Association and shall have custody of the business records of the Board and the Association, other than financial records kept by the treasurer. He shall also perform such other duties as may be prescribed by the Board.

Section 4.7 Treasurer. The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.

Section 4.8 Other Officers and Employees. Other officers of the Association and any persons employed to assist the officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Declaration, and these Bylaws.

Section 4.9 Compensation. The Board may pay reasonable compensation to any officer or Owner who performs substantial services for the Property in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until 60 days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within 60 days after the notice of the decision was given.

## ARTICLE 5. COMMITTEES

Section 5.1 Committees of Directors. The Board may appoint one or more committees that consist of one or more directors or officers. Such committees, if composed entirely of Board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board in the management of the Association. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the Property.

Section 5.2 Other Committees. Other committees, not having or exercising the authority of the Board in the management of the Association, may be appointed by the president or the directors, and such committees may be composed of one or more members or officers of the Association.

## ARTICLE 6. CONTRACTS. LOANS. CHECKS

Section 6.1 Contracts. No contract may be entered into without the approval of the Board and, if required by the Declaration, the approval of the Owners. The Board may authorize any officer or officers, agent or agents, to enter into any contract in the name of and on behalf of the Association.

Section 6.2 Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board.

Section 6.3 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by the officer or officers, or agent or agents, of the Association and in the manner as shall from time to time be prescribed by resolution



of the Board.

#### ARTICLE 7. HANDLING OF FUNDS

Section 7.1 Accounts. The Association shall establish the necessary funds or accounts to provide properly for the operation and maintenance of the Association's obligations as provided in the Declarations. Overall superintendence of these funds shall be the responsibility of the treasurer of the Association. There shall be at least the separate funds described in Sections 7.2 and 7.3.

Section 7.2 Operating Fund. There shall be established one or more checking accounts in a commercial bank to be known as the "Operating Fund." The Operating Fund will be used for the normal operation of the Association and will receive all monthly Assessments for Common Expenses, first purchasers' initial contributions to the fund, and other monies received by the Association. Checks shall be issued from this account for all management and operational expenditures necessary for the Association and maintenance expenses of a routine or minor nature that do not require resort to the Reserve Fund.

Section 7.3 Reserve Funds. The Association shall maintain a banking account known as the "Reserve Fund." The Treasurer shall deposit to the Reserve Funds amounts reasonably anticipated to be required for the periodic repair and replacement improvements within the Common Areas.

Section 7.4 Combination and Deposit or Investment of Funds. All funds of the Association shall be kept in accounts or deposits that are insured by agencies of the United States. The funds of the Association shall not be commingled with the funds of any other association or with the funds of any manager of the Association. The reserve funds may be combined in one or more savings accounts, certificates of deposit, or other accounts or deposits. Withdrawals of reserve funds shall require the signature of at least two persons who are officers or directors of the Association.

#### ARTICLE 8. KEEPING RECORDS AND REPORTS

The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the Owners, mortgagees, and the agents or attorneys of either of them, during normal business hours and at any other reasonable time or times.

#### ARTICLE 9. AMENDMENTS

These Bylaws may be amended by the vote of a majority of the members.

The foregoing Bylaws were adopted as of January 29, 2015, at the Special Business Meeting of the Association.

Bruce W. Emery  
Secretary