

BYLAWS
OF
PACIFIC HIGHLANDS HOMEOWNERS ASSOCIATION

ARTICLE 1
OBJECT AND DEFINITIONS

1.1 **Purpose.** The purpose for which the **PACIFIC HIGHLANDS HOMEOWNERS ASSOCIATION**, a non-profit corporation, was formed to establish the organization for the Association. These Bylaws affect all lots in Pacific Highlands Plat, according to the plat for each division thereof recorded under Whatcom County Auditor's file numbers 2040701633 (Phase I); 2041103504 (Phase II); 2041103506 (Phase III); _____ (Phase IV)

1.2 **Assent.** All present and future owners, tenants, future tenants, and all other persons possessing or owning any lots in the Pacific Highlands Plat, hereinafter "**Lots**", are subject to the regulations set forth in these Bylaws.

1.3 **Definitions.**

a. The term "**owners**" refers to any owner of a Lot or Lots. The terms "**owners**" and "**members**" as used herein shall be synonymous.

b. The term "**Association**" shall mean the Pacific Highlands Homeowners Association, a Washington non-profit corporation.

c. The term "**Covenants**" shall mean collectively the Declaration of Covenants, Conditions, Reservations and Restrictions of Pacific Highlands Plat Phase I, filed under Whatcom County Auditor's File No. 2040701634, Pacific Highlands Plat Phase II, filed under Whatcom County Auditor's File No.2041103505, Pacific Highlands Plat Phase III, filed under Whatcom County Auditor's File No.2041103507, and Pacific Highlands Plat Phase IV, filed under Whatcom County Auditor's File No. _____.

d. The term "**board**" shall mean the Board of Directors of Pacific Highlands Homeowners Association.

ARTICLE 2
MEMBERSHIP, VOTING, MEETINGS AND ADMINISTRATION

2.1 Membership Qualification. Each owner shall be a member of the Association and shall be entitled to one membership for each Lot owned; provided, that if a Lot is sold on contract, the contract purchaser shall exercise the right of the owner for the purposes of the Association and these Bylaws, except as hereinafter limited, and shall be the voting owner unless otherwise specified herein. Ownership of a Lot shall be the sole qualification for membership in the Association.

2.2 Transfer of Membership. Memberships shall be appurtenant to each Lot, and such membership shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon transfer of title of such 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 (including real estate contract) of a Lot shall automatically transfer the membership in the Association, to the new owner thereof.

2.3 Number of Votes, Voting. There shall be a total of 170 votes in the Association. Unless otherwise required in these Bylaws, all decisions shall be by majority vote with no quorum requirement.

2.4 Voting Owner. There shall be one "voting representative" for each Lot. If a person owns more than one (1) Lot, he shall have the votes for each Lot owned. The voting representative shall be designated by the owner or owners of each Lot by written notice to the Association. The designation shall be revocable at any time by actual notice to the Association from the party having an ownership interest in a Lot or by actual notice to the Association of the death or judicially declared incompetence of an owner. If joint owners fail to designate a voting representative, and if a majority of the owners of a Lot cannot agree on how to vote, then the Lot shall not be entitled to a vote.

2.5 Meetings. Meetings of the Association shall hold at least one (1) meeting each year. Special meetings of the Association may be called by the President, a majority of the board or by owners having ten percent (10%) of the votes of the Association. Not less than ten (10), nor more than sixty (60) days in advance of any meeting, the Secretary or other officer specified by the Bylaws shall cause a notice to be hand delivered or sent prepaid, first class United States mail to the mailing address of each unit or to any other mailing address designated in writing by the owner. 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 Covenants or Bylaws, changes in the previously approved budget that result in a change in assessments, and any proposal to remove a director. All meetings shall be conducted as required by RCW 64.38.035 (and any amendments or re-codifications of the same).

2.6 Assessment. The members, at either a regular or special meeting, shall have exclusive authority to establish assessments to be charged against the individual properties pursuant to the authority granted in the Covenants.

ARTICLE 3
MANAGEMENT/DIRECTORS

3.1 **In General.** The affairs of the Association shall be governed by the board composed of three (3) members. However, the initial Board of Directors shall be composed of two (2) members until such time as the Corporation is transferred to the members as set forth in the CC&R for the property.

3.2 **Additional Provisions Regarding Board.**

a. **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 board members, but at least two (2) such meetings shall be held during each calendar year and one (1) such meeting shall be held immediately following the annual meeting of owners. Notice of regular meetings of the board shall be given to each board member, personally or by mail, telephone or facsimile, at least three (3) days prior to the day named for such meeting.

b. **Special Meetings.** Special meetings of the board may be called by the President, a majority of the board or by owners having twenty percent (20%) of the votes of the Association. Not less than ten (10), nor more than sixty (60) days in advance of any meeting, the secretary shall cause a notice to be hand delivered or sent prepaid, first class United States mail to the mailing address of each unit or any other mailing address designated in writing by the member. 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 changes in the previously approved budget that result in a change in assessments and any proposal to remove an officer.

c. **Waiver of Notice.** Before, at or after any meeting of the board, any board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a board member at any meeting of the board shall be a waiver of notice by him of the time and place thereof. If all the board members are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

d. **Quorum.** At all meetings of the board, a majority thereof shall constitute a quorum for the transaction of business, and the acts of the majority of the board members present at a meeting at which a quorum is present shall be the acts of the board. If, at any meeting of the board, there be less than a quorum present, the majority of those present may adjourn the meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

e. **Fidelity Bonds.** The board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

f. **Board Fees.** Board members shall serve without any fees or compensation. Board members shall be reimbursed for expenses incurred on behalf of the Association.

3.3 **Removal.** The owners by a majority vote in person or by proxy may remove any member of the Board of Directors with or without cause.

ARTICLE 4 **OFFICERS**

4.1 **Designation.** The officers of the Association shall be President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the board.

4.2 **Election of Officers.** The officers of the Association shall be elected annually by the board at the organization meeting of each new board and shall hold office at the pleasure of the board. Any person may hold concurrently any two (2) offices (and may also concurrently be a board member), except that the same person may not concurrently hold the offices of President and Secretary. The office of Vice President need not be filled.

4.3 **Removal of Officers.** Upon an affirmative vote of a majority of the members of the board, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the board, or at any special meeting of the board called for such purpose.

4.4 **President.** The President shall be the chief executive office of the Association. He shall preside at all meetings of the Association and the board. He shall have all of the general powers and duties which are usually vested in the office of the President of a non-profit association including, but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5 **Vice President.** A Vice President shall have all the powers and authority and perform all of the functions and duties of the President in the absence of the President or his inability for any reason to exercise such powers and functions or perform such duties. The Vice President shall, in addition, perform the duties of the Secretary in the absence of the Secretary.

4.6 **Secretary.** The Secretary shall keep the minutes of meetings of the board and the minutes of meetings of the Association; he shall have charge of such books and papers as the board may direct; and he shall in general perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their registered mailing addresses. Such list shall also who opposite each member's

name the number or other appropriate designation of the unit owned by such member. Such list shall be open to inspection the same at reasonable times during regular business hours.

4.7 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the board or managers.

ARTICLE 5 ASSESSMENTS

Budget. The board shall, within 30 days after adoption by the board of any proposed regular or special budget of the Association, set a date for a meeting of the owners to consider ratification of the budget, not less than 14 nor more than 60 days after mailing of the proposed budget. The proposed budget may be rejected by a majority of those attending the meeting either in person or by proxy without regard to whether a quorum is present. If the proposed budget is rejected then the last budget ratified shall continue until such time as the owners ratify a subsequent proposed budget.

ARTICLE 6 INDEMNIFICATION OF OFFICERS AND MANAGERS

Indemnification. The Association shall indemnify the Declarant, every board member or officer, and his or her heirs, executors and administrators. Nothing contained in this Article 6 shall, however, be deemed to obligate the Association to indemnify any member or owner of a Lot who is or has been a board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Covenants as a member or owner of a Lot covered hereby.

ARTICLE 7 OBLIGATION OF OWNERS

In General. Each owner shall always endeavor to observe and promote the cooperative purposes for which the Association was formed and each owner shall comply strictly with all provisions of the Covenants.

ARTICLE 8 AMENDMENTS TO BYLAWS

These Bylaws may be amended only by a sixty percent (60%) vote of all of the members of the Association at a regular or special meeting of the members of the Association; provided, no amendments to these Bylaws shall be effective unless all members receive written notice of the proposed amendments at least thirty (30) days prior to the meeting at which such amendments are voted upon by the members of the Association; and further provided, only the board shall have authority to amend these Bylaws until transfer of control pursuant to the Covenants.

ARTICLE 9
EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS
AND REQUIRED PROXIES

9.1 Proof of Ownership. Any person, on becoming an owner of a Lot, shall furnish the President a photocopy of the recorded instrument vesting that person with ownership, which instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing, nor shall such member be entitled to vote at any annual or special meeting unless this requirement is first met.

9.2 Registration of Mailing Address. The owners of each Lot shall have one (1) and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications; and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address of a Lot owner or owners shall be furnished by such owners to the Secretary within five (5) days after transfer of title; such registration shall be in written form and signed by all of the owners or such persons are authorized by law to represent the interest of (all of) the owners thereof. If no such address is registered, the lot shall be the registered address until another registered address is furnished as permitted under this section. Registered addresses may be changed from time to time by similar designation.

9.3 Completed Requirements. The requirements contained in this Article shall be first met before an owner of a Lot shall be deemed in good standing and entitled to vote at any annual or special meeting of members.

ARTICLE 10
NONPROFIT ASSOCIATION

This Association is not organized for profit. No member, member of the board or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations thereof, and in no event shall pay part of the funds or assets of the Association to be paid as salary or compensation to, or distributed to, or inure to the benefit of any members of the board. The foregoing, however, shall neither prevent nor

restrict the following: (1) Reasonable compensation may be paid to any member or manager while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association; and (2) any member or board member may, from time to time, be reimbursed for his actual and administration of the affairs of the Association.

ARTICLE 11
GOVERNING LAW

These Bylaws are intended to be in compliance with RCW Chapter 64.38. To the extent that these Bylaws deviate from the statute where no deviation is allowed, then the statute shall control.

ARTICLE 12
FISCAL YEAR

The fiscal year of the Association shall be the calendar year.

DATED this _____ day of June 2005.

ATTESTED:

KENNETH M. TIDERINGTON, SR.
President

APPROVED:

KENNETH G. TIDERINGTON, JR.
Secretary