

# **RESTATEMENT OF BYLAWS OF HOLLY HILLS ESTATES HOMEOWNERS' ASSOCIATION**

Holly Hills Estates Homeowners' Association (herein "the Corporation") hereby adopts the following Restatement of Bylaws of Corporation pursuant to Washington's Nonprofit Corporation Act, Chapter 24.03 of the Revised Code of Washington:

## **ARTICLE I PURPOSE AND OFFICES**

1.1 Principal Office. The principal office of the Corporation shall be located at its principal place of business or such other place as the Board of Directors ("Board") may designate. The Corporation may have such other offices, either within or without the State of Washington, as the Board may designate or as the business of the Corporation may require from time to time.

1.2 Registered Office and Agent. The Corporation shall have and continuously maintain in the State of Washington, a registered office and a registered agent whose office is identical with such registered office.

1.3 Purpose. The purpose of the Corporation shall be as prescribed in the Restated Articles of Incorporation, as subsequently amended, to do all things incidental, necessary, convenient, or expedient for the attainment of the purposes as set forth therein for the accomplishment of the duties and responsibilities of the Association by the laws of the State of Washington, the Declaration, the Articles of Incorporation, and these Bylaws.

## **ARTICLE II DEFINITIONS**

2.1 "Association" or "Corporation" shall mean and refer to Holly Hills Estates Homeowners' Association, its successors and assigns, as described in the governing

documents of the Association.

2.2 “Owner” shall mean and refer to the record owner, whether or not one or more entities, of a fee simply interest to any lot which is part of the properties, including, contract purchaser, but excluding those having such interest as security for the performance of an obligation.

2.3 “Properties” shall mean and refer to that certain property described in the Declaration including Holly Hills Estates, Phase I, Phase II, Phase III, and Phase IV, and any other property subsequently incorporated or annexed into existing or subsequent phases of Holly Hills Estates and brought into the jurisdiction of the Association, pursuant to the Declaration of Covenants, Restrictions, Easements and Reservations for Holly Hills Estates.

2.4 “Lot” shall mean and refer to any platted or partitioned lot or tract within the Properties except for those areas designed on the plat maps for Holly Hills, Phase I, Phase II, Phase III, or Phase IV, as being Common Area.

2.5 “Common Area” shall mean all real property (including any improvements thereto) owned, or otherwise maintained, repaired or administered by the Association for the common use and enjoyment of the Owners shown as such on the plat maps for Holly Hills Estates, Phase I, Phase II, Phase III, and Phase IV.

2.6 “Declarant” shall mean and refer to Lester Morasch, his successors and assigns in Holly Hills Estates, Phase I, Phase II, Phase III, and Phase IV.

2.7 “Declarations” shall mean and refer to the Declaration of Covenants, Restrictions, Easements and Reservations for Holly Hills Estates recorded in the Clark County Auditor’s Office and any amendments, addenda, or revisions thereto.

2.8 “Member” shall mean and refer to each holder of a membership interest in the Association as is shown herein.

2.9 “Officers” shall mean and refer to those officers of the Corporation, including the President, the Vice-President, the Secretary and the Treasurer, as defined in and elected in accordance with these Bylaws.

2.10 “Holly Hills Estates” shall mean and shall refer to all of the Properties included within Holly Hills Estates, Phase I, Phase II, Phase III, and Phase VI.

2.11 “Governing Documents” shall mean and refer to the Articles of Incorporation, Bylaws, plats for Phase I, Phase II, Phase III and Phase IV, Declaration of Covenants, Restrictions, Easements and Reservations for Holly Hills Estates, rules and regulations of the Association, resolutions of the Board of Directors, or any other written instrument by which the Association has the authority to exercise any of the

powers provided for by Chapter 64.38 of the Revised Code of Washington (Washington Homeowners Association Act).

2.12 “Common Expense” shall mean and refer to all costs incurred by the Association to exercise any of the powers provided for in the governing documents.

2.13 “Board of Directors” shall mean and refer to the body designed herein as the “Board of Directors” who are vested with the primary authority to manage the affairs of the Association.

2.14 “Articles of Incorporation” shall mean and refer to the original Articles of Incorporation and all amendments and restatements thereto.

2.15 “Bylaws” shall mean and refer to the code or code of rules adopted for the regulation or management of the affairs of the Association and all amendments and restatements thereto.

### ARTICLE III

#### MEMBERSHIP: VOTING RIGHTS AND POWERS AND OBLIGATIONS

3.1 Membership. Every Owner of one or more Lots within the Properties shall, during the entire period of such Owner’s ownership of one or more Lots, be a member of the Corporation. Such membership shall commence, exist, and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.2 Voting Rights. Each Owner shall be allocated one vote per Lot. When more than one person holds an interest in any Lot, all such persons shall be members. The vote of such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast per Lot.

3.3 Notice of Meeting. Any meeting held pursuant to Article III shall be held on such a date, at such a time, and at such place within Clark County, Washington, as may be designated by the Secretary. Written notice of each meeting of the Owners under this Article III shall be given by, or at the direction of the Secretary or person authorized to call a meeting, by mailing a copy of such notice, postage prepaid, at least fourteen (14) days before such meeting, but not more than sixty (60) days before such meeting, to each Owner entitled to vote thereat, addressed to the Owner’s address last appearing on the books of the Association, or supplied by such Owner to the Association for the purpose of notice, and to any mortgagee having requested notice. Such notice shall specify the place, time, date and hour of the meeting, and the items on the agenda, including the general nature of any proposed amendment to the governing documents, any budget changes, or any proposal to remove a director or officer. Notice of any such meeting may be waived by any Owner at any time. No

Owner who is present at a meeting may object to the adequacy or timeliness of notice given.

3.4 Proxies, Quorum and Voting. Each Owner may have the number of votes provided for in this Article III of these Bylaws. Any Owner may give a proxy to any person, so long as the proxy is in writing, signed by such Owner, and filed with the Secretary. A proxy shall expire on the earliest of (a) eleven (11) months after the date of the proxy; or (b) the date of the sale of the Owner's Lot by its Owner. The presence, in person or by proxy, of Owners entitled to cast at least twenty percent (20%) of the total votes entitled to be cast at any meeting shall constitute a quorum. The affirmative vote of a majority of votes represented and voting shall constitute an act of the Owners. Voting of the Members may be by mail with respect to any matter before the Members. In any case in which voting by mail is necessary or desirable, the Secretary shall give the written notice to all Members, which notice shall (a) include a written resolution setting forth the proposed action, (b) state that the Members are entitled to vote by mail for or against the resolution, and (c) specify a date not less than twenty-five (25) days after the date of such notice by which all votes must be received at the principal office of the Corporation. Votes received after the date specified shall not be effective.

3.5 Annual Meetings. At any annual meeting of the Owners, the President of the Corporation, and other officers of the Board as the President may designate, shall report on the activities and financial condition of the Corporation. The annual meeting of the Owners shall occur not later than ninety (90) days from the end of the fiscal year unless otherwise specified by resolution of the Board of Directors.

3.6 Special Meetings. Special meetings of the Owners may be called at any time by the President or a majority of the Board of Directors, or upon written notice of the Owners who are entitled to vote at least twenty percent (20%) of all the votes of the membership.

3.7 Meeting Agendas. The order of business at all meetings shall be substantially as indicated on the agenda distributed at or before the meeting.

#### ARTICLE IV BOARD OF DIRECTORS

4.1 General. The affairs of the Corporation shall be managed by and vested in the Board, which shall be comprised of the number of Directors as provided in this Article IV. A Director shall act in all instances on behalf of the Association and shall perform the duties of a director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Corporation, 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: (1) one or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matter presented; (2) counsel, public accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or (3) a committee of the Board upon which the Director does not serve, duly designated in accordance with a provision in the Articles of Incorporation or these 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.

4.2 Other Duties. More specifically, the powers and duties of the Board shall also include, but not be limited to the following:

- a. To determine, levy and collect assessments (Association assessments) from members payable in advance to cover the cost of operating and maintaining the Association property and the Association and in furtherance of the purposes of this Corporation;
- b. To collect, use, and expend the assessments collected to maintain, pay taxes, care for, and preserve the Association Property, Common Area, or other areas under the jurisdiction of the Association ;
- c. To make repairs, restore or alter the Association Property, Common Area, or other areas under the jurisdiction of the Association after damage of destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;
- d. To open bank accounts, and borrow money on behalf of the Association, and to designate the signatories to such bank accounts;
- e. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from Members for violations of the rules and regulations herein referred to or adopted by the Association or Board;
- f. To make reasonable rules and regulations, and to amend the same from time to time, and to suspend voting rights of Members after notice and hearing during any period in which such Member shall be in default in the payment of any assessment levied by the Association or for infractions of the published rules and regulations. Such rules and regulations and amendments thereto shall be

binding upon the Members when the Board has approved them in writing and delivered a copy of such rules and all amendments to each Member. Such rules and regulations may, without limiting the foregoing, include reasonable limitations on the use of the Association Property, Common Area, or other areas under the jurisdiction of the Association by guests of the Members, as well as reasonable admission and other fees for such use;

- g. To employ workmen, contractors, and supervisory personnel, and to purchase supplies and equipment, to enter into contracts, to provide maintenance and other services and generally to have the power of directors in connection with the matters herein above set forth;
- h. To bring and defend actions by or against one or more existing or former Members, Directors, Officers, or Managing Agents, pertinent to the operation of the Association and to assess special assessments to pay the cost of such litigation;
- i. To hire a Managing Agent to perform and exercise the powers of the Board of Directors in management of the Association;
- j. To retain legal, accounting, forestry, biology, or engineering advice pertaining to any work or project or suit undertaken pursuant to the Board's authority, and to disburse the costs thereof from collected assessments;
- k. To enforce the Declaration, Articles of Incorporation, Bylaws, resolutions of the Board of Directors, any of the subdivision approval conditions of Holly Hills Estates, and other governing documents.

4.3 Number and Classification of Directors. The affairs of the Association shall be managed by a Board of Directors of not fewer than three (3) and not more than five (5) Directors. The Directors shall be required to be Owners, shall be elected in the manner provided herein, and voting for Directors shall not be cumulative.

4.4 Election of Directors. All Directors shall be elected by the Owners at the annual meeting of the Corporation or a special meeting called for that purpose, with each Owner having the number of votes set forth in Article III above.

4.5 Terms of Directors. Each Director shall serve for a term of two (2) years, or until his or her successor is elected and qualified, subject to the following transitional provisions for terms commencing in 2012 (and in 2013 for Position 5) for staggered terms of office:

- a. The Board of Directors elected at the annual Membership meeting in 2012 shall enact a resolution designating the Directors serving in Position 1, Position 2, Position 3, Position 4, and Position 5 (starting in 2013) and shall thereafter advise the Membership of these designations and the identity of the person holding each such position;
- b. The Directors elected to office in 2012 for Position 1, Position 2, and Position 3 shall hold office for a period of two (2) years; and
- c. The Director elected to office in 2012 for Position 4 shall hold office for a period of one (1) year; and
- d. The Directors elected to office in 2013 for Position 4 and Position 5 shall hold office for a period of two (2) years thereafter. No election for a Director for Position 5 shall occur in 2012.

4.6 Resignation of Directors. Any Director may resign at any time by sending a written notice of such resignation to the Secretary. Unless otherwise specified in such notice, a resignation shall take effect upon receipt of the notice by the Secretary.

4.7 Vacancies. Vacancies on the Board caused by the death, removal, disqualification or resignation of a Director shall be filled by a majority vote of the remaining Directors, even if they constitute less than a quorum. Any Director so selected shall serve the remainder of the replaced Director's term.

4.8 Meetings of the Board.

- 4.8.1 All meetings of the Board shall be open for observation to all Owners and Owner attendance is welcomed and encouraged. For other than emergency meetings, notice of Board meetings shall be mailed to all Owners, at the last address for such Owners in the records of the Corporation, not less than ten (10) days before the meeting, or provided by a method reasonably calculated to inform Owners of the meeting. Emergency meetings may be held without notice, if the reason for the emergency is stated in the minutes of the meeting.
- 4.8.2 The Board shall meet at least annually within ninety (90) days after the end of the fiscal year. The Board of Directors shall present at the annual meeting a report, verified by the President and Secretary of the Association, or by a majority of the Directors, showing in appropriate detail the following: (1) assets and liabilities of the Association as of the end of the fiscal year immediately preceding the annual meeting; (2) the principal changes in assets

and liabilities during the year immediately the preceding the date of the report; (3) the revenue or receipts of the Association both unrestricted and restricted to particular purposes, for the year immediately preceding the date of the report; and (4) the expenses or disbursements of the Association both general and preceding the date of the report. The annual report of Directors shall be filed with the records of The Association and an abstract thereof entered in the minutes of the proceedings of the annual meeting of Directors.

- 4.8.3 The President or two Directors may call special meetings of the Board at any time. Such meetings shall be scheduled by the Secretary or a person authorized by the Secretary within thirty (30) days after the Secretary's receipt of the written requests signed by two or more Directors; provided only that if the purpose of a special meeting is to elect a successor Secretary, such a meeting may be scheduled by the President or, if the meeting is also for the purpose of electing a successor President or removing the President, any other Director.
- 4.8.4 Meetings of the Board shall be held at such place within Clark County, Washington, as may be designated from time to time by the Board.
- 4.8.5 The Secretary shall give written notice to each Director of each Board meeting at least ten (10) but not more than thirty (30) days prior to the date set for such meeting, stating the purpose, time, and place of the meeting. Notice shall be written and either mailed or emailed to the address of each Director as listed on the books of the Corporation, or such other address as any Director may designate by written notice to the Secretary given at least ten (10) days prior to the giving of notice of the meeting. If mailed, the notice of the meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member of the Board of Directors at his address, as it appears on the records of the Association, with postage prepaid.
- 4.8.6 Any Director may waive notice of any meeting at any time. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given. When a meeting is adjourned for fewer than thirty (30) days, whether or not a quorum is present at the adjourned meeting, no notice of the resumption or reconvening of such adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

4.8.7 Notice of special meetings of the Board of Directors shall be given in the same manner as notice of regular meetings of members of the Board of Directors, except that the purpose or purposes for which the special meeting is called shall be stated in the notice. No business or purpose not mentioned in the notice shall be transacted in such special meeting unless agreed to by a majority of the members of the Board of Directors present at the meeting.

4.8.8 The Board of Directors shall keep minutes of all actions taken by the Board which shall be available to all Owners. Upon affirmative vote in open meeting to assemble in closed session, the Board may convene in closed executive session to consider personnel matters, consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving possible liability of an Owner to the Association. The motion shall state specifically the purpose of the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict the consideration of matters during the closed portion of the meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. This section shall not require the disclosure by the Board of information in violation of applicable law or which is otherwise exempt from disclosure.

4.9 Voting by the Board. Each Director shall have one vote. So long as a quorum is constituted, the vote of Directors together holding more than fifty percent (50%) of the total votes shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or the Declaration.

4.10 Quorum. The presence in person of a majority of the Directors shall constitute a quorum for voting at a Board meeting. The Board shall have the power to adjourn a meeting if less than a quorum is present.

4.11 Removal. Any Director, may be removed, with or without cause, by the affirmative vote of a majority of all the Owners. No removal of a Director is effective unless the matter of removal was included in the notice of the meeting.

4.12 Director Compensation. Directors shall not receive any stated salary for their services, a power in its discretion to contract for, and to pay to Directors rendering

unusual or exceptional services to the Association compensation appropriate to the value of such services.

4.13 Director's Contracts With Association. The Directors and Officers of the Association may be interested directly in and contract relating to the operations conducted by the Association and may freely make contracts, enter into transactions, or otherwise act for the Association notwithstanding that they may also be acting as individuals, Directors, or Officers of the Association or otherwise; provided that:

- 4.13.1 Any contract, transaction, or act on behalf of the Association in a matter in which the Directors or Officers are personally interested shall be at arm's length, and not violate if the proscriptions in the Articles of Incorporation against the Association's use or application of its funds for private benefit or violate of any federal, state or government statute, rule or regulation; and
- 4.13.2 The nature of the interest of such Director or Officer though not necessarily the details or extent thereof; shall be disclosed to the Board of Directors of the Association at the meeting thereof at which such contract or transaction is authorized or confirmed. A general notice that a Director or Officer of the Association is interested in any Association, firm, or entity shall be sufficient disclosure as to such Director or Officer with respect to all contracts and transactions with the Association, firm or entity.

In no event, however, shall any person or other entity dealing with the Directors or Officers be obligated to inquire into the authority of the Directors and Officers to enter into and consummate any contract, transaction, or other action.

4.14 Employees. The Board of Directors may hire such employees, and appoint such representatives to perform such acts or duties on behalf of the Association as the Board of Directors may see fit, so far as may be consistent with these Bylaws and to the extent authorized or permitted by law. The fact that one is a Board member or member of the Association shall not preclude that person from becoming an employee or representative of the Association.

4.15 Board Committees.

- 4.15.1 Standing or Temporary Committees. The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more standing or temporary committees each of which shall consist of two or more Directors. Such committees shall have and exercise the authority of the Directors in the management of the Corporation, subject to such limitations as may be

prescribed by the Board; except that no committee shall have the authority to: (a) amend, alter or repeal these Bylaws; (b) elect, appoint or remove any member of any other committee or any Director or officer of the Corporation; (c) amend the Articles of Incorporation; (d) adopt a plan of merger or consolidation with another corporation; (e) authorize the sale, lease or exchange of all or substantially all of the property and assets of the Corporation not in the ordinary course of business; (f) authorize the voluntary dissolution of the Corporation or revoke proceedings therefor; (g) adopt a plan for the distribution of the assets of the Corporation; (h) amend, alter or repeal any resolution of the Board. The designation and appointment of any such committee and the delegation of authority thereto shall not operate to relieve the Board or any individual Director of any responsibility imposed upon him or her by law.

- 4.15.2 Quorum; Manner of Acting. A majority of the number of Directors composing any committee shall constitute a quorum, and the act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee.
- 4.15.3 Resignation. Any member of any committee may resign at any time by delivering written notice thereto to the President, Secretary or the chairperson of such committee, or by giving oral or written notice at any meeting of such committee. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 4.15.4 Removal of Committee Member. The Board, by resolution adopted by a majority of the Directors in office, may remove from office any member of any committee elected or appointed by it solely in its discretion and "at will" with or without cause.

4.16 Budgetary Process. Within thirty (30) days after the adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing the summary of the budget to the Owners. Unless at that meeting of the Owners a majority of the votes in the Association are allocated to reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is

rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

4.17. Prohibitions on Board Action. The Board may not act on behalf of the Association to amend the Articles of Incorporation, to take any action that requires the vote of approval of the Owners, to terminate the Association, to elect members of the Board of Directors, or to determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors, but the Board may fill vacancies in its membership for the unexpired portion of any term as provided herein.

## ARTICLE V OFFICERS

5.1 Officers. The Officers of the Corporation shall be the President, a Vice-President, the Treasurer, and the Secretary, each of whom shall be elected by the Board. The same person may concurrently hold more than one office except that one person cannot hold the offices of President and Secretary concurrently. The Board may designate such additional officers as it deems appropriate.

5.2 Election and Term of Office. The Officers of the Corporation shall be elected annually by the Board and shall hold office at the pleasure of the Board or until their successors are elected and qualified. If any office becomes vacant, the Board shall elect a successor to fill the unexpired term at a special meeting of the Board called for such purpose.

5.3 Removal. The Board may remove any Officer, at any time, with or without cause, and a successor may be elected at a special meeting called for such purpose.

5.4 Compensation. Other than reasonable reimbursement for out-of-pocket expenses incurred on behalf of the Corporation, neither the President, the Vice-President, the Treasurer, nor the Secretary shall receive any compensation from the Corporation for acting as an Officer. "Reasonable reimbursement" shall be determined on the basis of cost and utility as determined by the policy of the Board of Directors. Any reimbursement requests for out-of-pocket expenses must be submitted to the Board of Directors for approval not later than ninety (90) after incurring such cost or expense.

5.5 President. The President shall be a Director and shall be the chief executive officer of the Corporation. The President shall preside at all meetings of the Board and, except to the extent otherwise provided in the Declaration, shall have all the general powers and duties normally incident to the office of the chief executive officer of a corporation.

5.6 Vice-President. A Vice-President shall be a Director have all the powers and authority of the President, in the absence or inability of the President and, he or she must perform all of the functions and duties of the President in that case. The Vice-President shall perform such other duties as from time to time may be assigned to him or her by the President or the Board.

5.7 Secretary. The Secretary shall be a Director and shall have the following duties: (a) keep the minutes of the meetings of the Board and minutes which may be maintained by committees of the Board; (b) insure that all notices are duly given in accordance with the provisions of these Bylaws or as otherwise required by law; (c) be the custodian of the corporate records of the Corporation; (d) keep records of the post office address of each Director, each Officer, and each Member; (e) sign with the President, or other officer authorized by the Board, deeds, mortgages, bonds, contracts or other instruments; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or the Board. The Secretary shall compile and keep up to date at the principal office of the Association the following:

- a. Current Bylaws;
- b. A record of members, including, names, addresses;
- c. Correct and adequate records of accounts and finances, including budgets, tax returns and tax records;
- d. A record of the names and addresses of Officers and Directors;
- e. Minutes of the proceedings of the Board of Directors and any minutes which may be maintained by committees of the Board; and
- f. Minutes of any meetings of the Members.

The Secretary shall perform such other duties as from time to time may be assigned to him or her by the President or the Board. The Secretary may assign all such duties to a property management company so long as the Secretary maintains oversight of these functions. The Secretary shall make all records of the Association available for examination by all Owners, holders of mortgages on the lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the Association or its managing agent. The Association shall not release the unlisted telephone number of any Owner. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records.

5.8 Treasurer. The Treasurer shall be a Director. The Treasurer shall be responsible for Corporation funds and shall keep full and accurate financial records and books of account sufficient for proper accounting purposes showing all receipts and disbursements necessary for the preparation of all financial data and tax return. The Treasurer shall be responsible for the deposit of all Corporation funds in such depositories as by from time to time be designated by the Board, and shall disburse Corporation funds or such purposes as may be permitted under these Bylaws or the

Declaration. The funds of the association shall be kept in accounts in the name of the Association. The Treasurer shall perform all other duties incident to the office of the Treasurer of a corporation or as may be directed by the Board. The Treasurer shall be reimbursed for any reasonable out-of-pocket expenses necessary to perform these duties. The Treasurer shall keep financial and other records sufficiently detailed to enable the Association to fully declare to each Owner the true statement of its financial status.

## ARTICLE VI CONTRACTS, CHECKS, DEPOSITS AND FUNDS

6.1 Contracts. The Board may authorize any Officer or Officers, agent, or agents of the Corporation, in addition to the Officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

6.2 Checks, Drafts and Finances. All checks, vouchers, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by the Board.

6.3 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or depositories as the Board may select which are insured by the Federal Deposit Insurance Corporation (FDIC).

6.4 Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation.

## ARTICLE VII ARCHITECTURAL AND DESIGN CONTROL

7.1 Establishment of Architectural Review Committee. The Association may have an Architectural Review Committee which shall consist of at least three (3) Committee Members who are appointed by the Board and serve at the pleasure and discretion of the Board.

7.2 Duties and Powers. The Architectural Review Committee shall perform and shall be empowered to perform all acts provided in the Declarations and the Architectural Control and Design Guidelines as may be established by the Board by resolution.

ARTICLE VIII  
FINANCIAL MATTERS

8.1 General. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any authority of the Board and shall keep at its registered or principal office a record of the names and addresses of the Directors. All books and records of the Corporation may be inspected by any Director, or his or her agent or attorney, for any proper purpose at any reasonable time.

8.2 Financial Statements. Within ninety (90) days after the end of each fiscal year, the Board shall make a copy of the annual financial statement consisting of balance sheet and income and expense statement for the preceding fiscal year available to each Owner. The Corporation shall also make available to Owners, upon request and under reasonable circumstances, current copies of the Declaration, Articles of Incorporation, Bylaws, and rules concerning the property, the Corporation's most recent financial statement, the current operating budget of the Corporation, and all other records of the Corporation.

8.3 Tax Returns. The Board shall cause to be filed the necessary income tax returns for the Corporation.

8.4 Fiscal Year. The Corporation's fiscal year shall commence January 1 and shall end December 31.

ARTICLE IX  
AMENDMENTS TO BYLAWS

Except as expressly provided in the Declaration, these Bylaws may be amended or repealed and new Bylaws may be adopted by two-thirds (2/3) of the Owners at any regular or special meeting of the Owners at which a quorum has been established. The intention to amend or to repeal and adopt new bylaws shall be contained in the notice of such meeting, accompanied by a copy of the proposed amendment. The undersigned, constituting all the Owners of the Property, hereby agree that the rights, covenants, and obligations hereunder shall be appurtenant to the Property and shall run with the land as to all of the Property. The rights, covenants, and obligations hereunder shall bind, burden, and benefit each Owner's successors, assigns, lessees, and mortgagees (or beneficiaries under a trust deed). In no event shall any amendment, repeal or alteration of these Bylaws be adopted, or effective in any manner whatsoever which shall in fact or effect cause or contribute to cause any change in the structure, purposes or operations of this Association in such a fashion as to subject the Association and/or its property or assets to liability for payment of taxes, assessments or charges not otherwise payable by, or chargeable to, Associations organized and operated exclusively for purposes within the intent of the United States Internal

Revenue Code, as the same now exists or may be amended, or restated from time to time, if the Association is qualifying or attempting to qualify thereunder.

#### ARTICLE X WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of Washington Nonprofit Corporation Law, as it exists or may be amended in the future, or under provisions of the Article of Incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

#### ARTICLE XI HEADINGS

The headings contained in these Bylaws are for convenience and shall not in any way affect the meaning or interpretation of these Bylaws.

#### ARTICLE XII CONFLICTS

These Bylaws shall be subject and subordinate to the Declaration and Articles of Incorporation. Any conflict between the provisions of these Bylaws and the Declaration shall be governed and controlled by the Declaration. In the case of any conflict between the Declaration, Articles of Incorporation, and these Bylaws, the Declaration shall control. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control.

#### ARTICLE XIII

#### INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

The Association shall indemnify its Directors, Officers, employees and agents as provided in and subject to the parameters as set forth in the Articles of Incorporation.

#### ARTICLE XIV ASSESSMENTS, COLLECTION COSTS, SUITS AND ACTIONS

14.1 Owners shall be obliged to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with efforts to collect any delinquent unpaid assessments and for the preparation, recording and/or release of liens against

Owners.

14.2 Any Lot which is entitled or required to have an interest in the Association Property, may be conveyed or leased by a Member, free of any restrictions except that no Member shall convey, mortgage, pledge, hypothecate, sell or lease his or her Lot unless and until all unpaid Association expenses assessed against the Lot shall have been paid as directed by the Board of Directors. Such unpaid Association expenses, however, may be paid out of the proceeds from the sale of the Lot, or by the grantee. Upon the written request of a Member, or his or her mortgagee, the Board of Directors or its designee shall furnish a written statement of the unpaid charges due from such Member which shall be conclusive evidence of the payment of amounts assessed prior to the date of the statement. The Board may make a reasonable charge for the issuance of such statements.

14.3 In the event suit or action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Declaration or Bylaws, the Owner or Owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorney fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by such court.

14.4 The provisions of the previous sections shall not apply to the acquisition of a Lot by a first lien mortgagee, or first lien contract vendor who shall acquire title to such lot by foreclosure or contract forfeiture. In such event, the unpaid assessments against the lot which were assessed and became due prior to the acquisition of title to such lot by such first lien mortgagee or contract vendor, shall be deemed waived by the Association and may be charged to all other members of the Association on a pro-rata basis as a common expense. The previous sections shall, however, apply to any assessments, which are assessed and become due after the acquisition of title to such lot by the first lien mortgagee or contract vendor, and to any purchaser from such first lien mortgagee or contract vendor.

#### ARTICLE XV MISCELLANEOUS

15.1 Notices. All notices to the Association or to the Board of Directors shall be sent to the President or such address as the Board of Directors may hereafter designate from time to time. All notices to any Owner shall be sent to such address as may have been designated by him or her from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Owner's Lot.

15.2 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof

which may occur.

15.3 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. Provided, however, that if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law, As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for the convenience of reference and shall in no way limit any of the provisions of these Bylaws.

15.4 Corporate Seal. The corporate seal, if any, shall have inscribed thereon the name of the Association and the words, "Corporate Seal Washington." Causing it, or a facsimile thereof to be impressed, or affixed or otherwise reproduced on any document requiring it may use the seal. It shall be kept in the custody of the Secretary of the Association.

15.5 Severability. Should any of the covenants, terms, or provisions imposed in these Bylaws, be or become unenforceable at law or in equity, the remaining provisions of these Bylaws shall, nevertheless, be and remain in full force and effect.

15.6 Rules of Procedure. The rules of procedure at meetings of the Board and committees of the Board shall be rules contained in Roberts' Rules of Order on Parliamentary Procedure, newly revised, so far as applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or any resolution of the Board.

15.7 Notice by Electronic Transmission. Any notice required pursuant to these Bylaws, the Articles of Incorporation, or as otherwise required by law to a director may be provided by electronic transmission if the Director has consented in writing to receive electronic transmitted notices under the Washington Nonprofit Corporation Act, Chapter 24.03 RCW. The Director shall provide the Corporation with the message format accessible to the Director, the e-mail address, facsimile number, location, or system to which these notices may be electronically transmitted. "Electronically transmission" means an electronic communication (a) not directly involving the physical transfer of a record in a tangible medium and (b) that may be retained, retrieved, and reviewed by the sender and the recipient thereof, and that may be directly reproduced in a tangible medium by a sender and recipient. Notice provided in an electronic transmission is effective when it: (a) is electronically transmitted to an address, e-mail address, facsimile number, location, or system designated by the Director for that purpose, and is made pursuant to the written consent provided by the Director.

IN WITNESS WHEREOF, we certify that the Association has ADOPTED these Restated Bylaws on this \_\_\_\_ day of \_\_\_\_\_, 2012, at a special meeting of the Membership by an affirmative vote of at least two-thirds (2/3) of a quorum present in person or by proxy.

HOLLY HILLS ESTATES HOMEOWNERS' ASSOCIATION

By: \_\_\_\_\_  
Its President  
PRINT NAME: \_\_\_\_\_

By: \_\_\_\_\_  
Its Secretary  
PRINT NAME: \_\_\_\_\_