

Sudden Valley Community Association BYLAWS

ARTICLE I NAME, MEMBERSHIP AND DEFINITIONS

Section 1. Name. The name of the Association shall be Sudden Valley Community Association (hereinafter referred to as the "Association").

Section 2. Membership. The membership of the Association shall be described as follows:

(a) A "member of the Association" is defined as any person(s), corporation, partnership, trust or any other legal entity owning all or a part of an interest in one (1) or more lots in Sudden Valley to which membership is appurtenant. A purchaser under contract to purchase an interest in a lot shall be deemed the owner for membership purposes. A member "in good standing" is any person who is current in the payment of all annual dues and assessments and all special assessments, and any charges associated therewith for each lot owned, including any and all use fees and monetary fines or penalties established pursuant to these Bylaws. A member is "current in the payment" if such member has

(i) made payment in full, or

(ii) has entered into a written payment plan authorized by the Board of Directors (hereinafter referred to as the "Board") and is not in default thereof.

(b) The membership shall consist of and be limited to the owners of lots within the boundary of the Association who shall have one (1) membership for each lot. No lot, whether owned by one (1) or more persons, corporations, partnerships, trusts or any other entities, shall have more than one (1) membership per lot. In the event of multiple owners of a lot, votes and rights of use and enjoyment shall be as provided in the Restrictive Covenants, these Bylaws, the Rules and Regulations, and resolutions adopted by the Board, but in no event shall more than one (1) vote be cast for each membership.

(c) No membership privileges shall be suspended except for nonpayment of annual dues and assessments, special assessments or any charges associated therewith. Membership shall be appurtenant to ownership of a lot and no member may withdraw except upon transfer of title to the real property to which it is appurtenant.

(d) Each member shall remain personally obligated to pay all annual dues and assessments, special assessments, and any charges associated therewith accruing during his/her ownership of the lot without regard to forfeiture of the rights and privileges of membership in the Association as provided herein.

(e) Each member shall be subject to the provisions of the Restrictive Covenants, the Articles of Incorporation, these Bylaws and the Rules and Regulations including personal liability for the payment of all annual dues, assessments, special assessments, and any charges associated therewith.

(f) Upon sale of a lot or at the time when a contract to purchase has been entered into, the membership appurtenant to the lot shall become the property of the new owner or contract purchaser (hereinafter collectively referred to as "New Owner"). Only the New Owner shall be entitled to the privileges and rights of membership in the Association. At the request of the New Owner, who shall provide satisfactory proof of ownership, the Secretary shall cause to be changed the Association records to reflect the new ownership. Unless otherwise provided herein, the New Owner may exercise all of the rights and privileges of membership in the Association and shall be subject to all of the liabilities of membership from the time the New Owner becomes the record owner of the lot.

Section 3. Definitions. Unless prohibited by the context, certain words used in these Bylaws or in any amendment thereof shall have the meaning set forth herein.

(a) "Association" shall mean and refer to Sudden Valley Community Association, anon-profit Washington corporation, its successors, and assigns.

(b) "Budget," as voted on by the members, shall mean a consolidated consideration and explicit determination of

(i) all operational expenses, reasonably expectable operational income, and

(ii) all capital reserve funding as required by the Restrictive Covenants and recommended

(iii) by the periodic capital reserve studies mandated by prudent business practice and the laws of Washington state.

(c) "Bylaws" shall mean the Bylaws of the Association.

(d) "Common Property" shall mean any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the owners.

(e) "Director" shall refer to a duly elected member of the Board of the Association.

(f) "Lot" shall refer to any platted lot within the Plats of Sudden Valley recorded in the office of

the Auditor of Whatcom County, whether or not improvements are constructed thereon, which constitutes or will constitute, after construction of improvements, a single-family dwelling site as shown on the plat of the community, or any amendments thereto. A "lot" shall also refer to a single family condominium unit in a multi-family condominium complex within the Association boundary and shall also refer to a single-family dwelling site composed of two (2) or more of the platted lots in the Association boundary, which have been bound together by lot line erasure, or an Irrevocable Covenant to Bind Lots and Forfeit Membership(s) in the form prescribed by the corporation's Board and in the manner prescribed in the corporation's Bylaws. The ownership of each lot shall include, and there shall pass with each lot as an appurtenance thereto, whether or not separately described, all of the right, title and interest of an owner including, without limitation, membership in the Association.

(g) "Majority" shall mean those eligible votes, owners, or other groups as the context indicates totaling more than fifty percent (50%) of the total eligible number.

(h) "Mortgage" shall mean any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(i) "Mortgagee" shall mean the holder of a mortgage.

(j) "Owner" shall mean one or more Persons, who hold fee simple title to a lot. In the case of a real estate contract as defined in RCW 61.30, the vendee (buyer) shall be deemed the owner of the lot.

(k) "Person" shall mean any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust or other legal entity.

ARTICLE II ASSOCIATION: MEETINGS, QUORUM, VOTING

Section 1. Place of Meetings. Meetings of the Association shall be held at the Association's principal office, or such other suitable place as may be designated by the Board.

Section 2. Annual General and Special General Meetings. The Board shall set the Annual General Meeting (AGM) to occur on the first Saturday of November of each year to commence at 1:00 p.m. The President shall have the authority to call Special General Meetings (SGMs) of the Association.

In addition, it shall be the duty of the President to call an SGM of the Association if so directed by resolution of a majority of the Board or upon a petition signed by members having ten percent (10%) of the votes in the Association. Any such petition shall contain the following information:

- (i) the purpose of the SGM,
- (ii) the proposed wording of any measures to be submitted to the membership,
- (iii) the printed name, signature, street address, and the lot and division number, for each signatory, and

(iv) the designation of a representative and a backup representative for the petitioners (both of whom shall be SVCA members) and who are authorized to receive communications from the Association concerning the petition.

A petition may specify that the matter may be voted on at the next AGM instead of an SGM. The President shall not be obligated to call an SGM if all of the matters to be submitted to the membership for a vote would violate applicable law if approved by the membership. The President, upon receipt of the petition and verification by the N&E Committee that the requisite number of member signatures are contained on the petition, shall cause notice to be given as herein provided for an SGM to be held within sixty (60) days of the President's receipt of the petition; provided, however, that the matter will be added to the next AGM if the petition so requests and if the petition is received at least one (1) week before the publicized budget calendar deadline.

Section 3. Notice of Meeting. It shall be the duty of the Secretary to mail or cause to be delivered to each member, at the address set forth in the Association's records, a notice of each Annual or Special General Meeting of the Association stating the date, time and place of such meeting, and the agenda for the meeting as adopted by the Board. In addition, all matters to be presented for a vote of the members at any such Annual or Special General Meeting shall be generally described in the notice. No business shall be transacted at any such Annual or Special General Meeting except as stated in the notice. Within thirty (30) days after adoption by the Board of any proposed budget, notice shall be given to all Members of the date for the Annual or Special Meeting at which that proposed budget shall be considered, which date shall be not less than fourteen (14) nor more than fifty (50) days after notice is provided. The notice shall include any information required by RCW 64.90.525(2), shall be posted at the Association's offices, and shall be considered served if delivered personally, mailed, or handled as more fully described in Section VI.3.

Section 4. Waiver of Notice. Waiver of notice of an Annual or Special General Meeting shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any Annual or Special General Meeting, either before or after such meeting. Attendance at a meeting by a member or submission of a ballot shall be deemed a waiver by such member of notice of the meeting, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 5. Quorum. The presence of fifty (50) eligible members shall constitute a quorum at any Annual or Special General Meeting of the Association. Once a quorum is established at a meeting, a quorum shall be deemed to exist throughout the meeting regardless of whether a quorum shall cease to exist.

Section 6. Adjournment of Meeting. If any Annual or Special General Meeting of the Association cannot be held because a quorum is not present at the time called, the meeting shall be automatically continued to a specified time and place to occur within thirty (30) days of the initially scheduled meeting. The required quorum at the adjourned meeting shall be fifty (50) members. At such adjourned meeting, no business shall be transacted other than the business

which was originally scheduled to be considered at the meeting originally called.

Section 7. Voting.

(a) A member shall be entitled to one (1) vote for each lot which he/she owns as prescribed in paragraph (b) below.

(b) At duly constituted Annual or Special General Meetings, each member in good standing may vote for candidates for the Board, candidates for the Nominations and Elections Committee and the Architectural Control Committee, and any other issues as determined by the Board. This vote shall be by ballot or in person at the meeting based on the number of lots owned. All members, including those who are not in good standing, may vote on the proposed budget in person or by ballot. All members may vote in person on procedural issues raised at any meeting. Voting for election of candidates to the Board, the Nominations and Elections Committee, and the Architectural Control Committee shall also be subject to the terms otherwise set forth in these Bylaws. No member shall be entitled to cumulate votes, such that a member is entitled to no more than one (1) vote per lot for any single candidate.

(c) If a lot is owned by two (2) or more persons, the several owners shall designate one (1) person to cast the vote for each lot so owned. If a lot owner owns more than one (1) lot, such owner may cast one (1) vote for each lot owned. A corporation, partnership, trust or other legal entity which owns an interest in any lot must designate one (1) person to cast the vote for each lot owned. Each person who has the right to cast the one (1) vote for each lot owned shall be called the voting member. The voting member is hereby designated as the proper party to receive notices of meetings and other notices as provided hereunder. The Association shall designate the voting member for each lot which has failed to designate a voting member on its behalf.

(d) Any member entitled to vote in the election of Board members may cast a vote in person or by mail, provided that:

(i) the ballot is on a form authorized by, and the original provided by, the Nominations and Elections Committee; and

(ii) the ballot, whether delivered or mailed, shall be sealed within a special recognizable ballot envelope with the signature, division and lot number of the member on the outside, with no other ballot inside; further, that ballot envelope shall be enclosed in a delivery envelope addressed to the Chairperson of the Nominations and Elections Committee (or "Chair of N&E"), with no other ballot envelope inside. All mailed ballots must be received by the day prior to the election in order to be valid.

(e) Once a vote is cast, it may not be changed.

(f) The Association is permitted to institute and utilize electronic voting through a third-party vendor selected by the Board.

(g) The Association shall not be allowed to cast votes for lots owned by it.

Section 8. Conduct of Meetings. The President, or his/her designee, shall preside over all meetings of the Association. The Secretary shall keep minutes of the meeting and record in the Minute Book all resolutions adopted at the meeting as well as a record of all transactions occurring during the meeting. The Association shall have a parliamentarian, who is not a member of the Association, present at any meetings of the Association where a vote of the membership may be taken. The latest edition of the Robert's Rules of Order shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with these Bylaws and any special rules of order or resolutions the Association may adopt.

ARTICLE III BOARD OF DIRECTORS

A. Composition and Selection.

Section 1. Governing Body and Composition. The affairs of the Association shall be governed by a Board in which all powers of the Association shall be vested as defined below at Section C.16. The members of the Board are directors who shall be members in good standing; provided, however, no persons from the same household or persons who jointly own Sudden Valley property may together serve either as a voting or non-voting member of the Board at the same time. No director shall receive any compensation from the Association for acting as a director unless approved by a majority of the membership.

Section 2. Number of Directors. The Board shall consist of nine (9) voting directors who shall be members in good standing throughout their respective terms in office. In addition, the Board shall be composed of the following non-voting members:

The Chairperson of the Architectural Control Committee; and

The Chairperson of the Nominations and Elections Committee.

Section 3. Nomination of Directors. Nomination and election of members to the Board shall be governed by the following:

(a) The Nominations and Elections Committee shall solicit nominations of eligible candidates for the Board starting at least ninety (90) days prior to the Annual General Meeting. If a vacancy occurs at any other time, the Nominations and Elections Committee shall solicit candidates at least (30) days prior to appointment by the Board. Any member may submit in writing to the Nominations and Elections Committee the name or names of eligible nominees for the Board along with a Disclosure of Interest Statement for each nominee and a written consent signed by each named nominee. All candidate Disclosure of Interest Statements for the annual election must be received and date stamped at the Association's principal office by close of business the day after Labor Day.

(b) In order to be eligible for election to the Board, a candidate must be a member in good standing and must remain so. Candidates must submit a Disclosure of Interest Statement to the Nominations and Elections Committee in the form prescribed by the Committee by close of business the day after Labor Day. The statement shall contain the business and financial interests of the candidate together with an agreement to disclose potential conflicts of interest in any action under consideration by the Association. Board members shall recuse themselves from discussion of the action at issue, and abstain from discussing or voting on any motion in which they have a direct or substantial interest not common to other members of the Association.

(c) No member shall be eligible for election to the Board for more than two (2) consecutive terms, plus the unexpired portion of a term to which he or she is appointed provided that it does not exceed one (1) year. After the expiration of one (1) year, the member shall again be eligible for election to the Board.

(d) All eligible candidates shall have an equal opportunity to communicate their qualifications to members and to solicit votes.

(e) The Chairperson of the Nominations and Elections Committee shall submit to the membership the names of all eligible candidates along with a ballot at least thirty (30) days prior to the Annual General Meeting.

(f) The Nominations and Elections Committee shall supervise the handling of mailed ballots, supervise the counting of all ballots, and submit a written report to the President of the Board detailing the results of the election.

(g) No candidate for election to the Board, the Nominations and Elections Committee, or the Architectural Control Committee, nor members of their families or their households, shall assist in counting ballots.

Section 4. Election and Term of Office. Directors shall be elected and hold office as follows:

(a) All eligible members of the Association shall be entitled to vote in the manner set forth in these Bylaws for all directors to be elected, and the candidate(s) receiving a plurality vote shall be elected. No more than three (3) directors shall be elected each year, except when additional directors are necessary to fill vacancies otherwise existing on the Board.

(b) The term of office of each director shall be three (3) years, or the length of the remaining term of the additional director vacancy. However, a director who has replaced a director by appointment shall serve until the conclusion of the following Annual General Meeting. In the election of two (2) or more directors, the candidates receiving the most votes shall be awarded the longest available term. Newly elected directors shall take office immediately following the Annual General Meeting.

Section 5. Removal of Directors.

(a) Procedure. At any Annual or Special General Meeting of the Association duly called, any one (1) or more members of the Board may be removed, with or without cause, by a two-third (2/3) vote of the members voting in person or by ballot, and a successor may then be elected to complete the term of office of the removed director. A director whose removal will be considered at any Annual or Special General Meeting shall be given the opportunity to be heard at the meeting.

(b) Causes.

(iii) Any director who has three (3) consecutive absences, or four (4) total absences, unexcused by the President, from meetings of the Board during the fiscal year shall automatically be removed from the Board.

(iv) A Board member who has violated the Restrictive Covenants, Bylaws or Rules and Regulations, or who has failed to maintain membership in good standing may be removed from the Board by a vote of the majority of the remaining Board members.

(v) A Board member shall be automatically suspended from participating as a Board member when charged with a gross misdemeanor or felony, which suspension shall continue until the case is disposed of, provided, however, a conviction will result in the Board member being automatically removed from the Board.

Section 6. Vacancies. If a director ceases to be a member of the Board, for any reason excluding temporary suspension as set forth in Section 5 above, the Board shall immediately request the Nominations and Elections Committee to submit not less than one (1) nominee more than the number of vacancies to be filled. The remaining directors shall, by majority vote, elect the required successor(s) from the nominees who shall serve until the conclusion of the following Annual General Meeting. The Board shall endeavor to fill any such vacancy within sixty (60) days.

B. Meetings.

Section 7. Organizational Meeting. The first meeting of the Board following each Annual General Meeting shall be held within ten (10) days thereafter at such time and place as shall be determined by the Board. The purpose of the organizational meeting will be to elect officers.

Section 8. Regular Meetings. Regular meetings of the Board shall be held at the principal office of the Association or at such other suitable place at a time as shall be determined by the majority of the directors. At least four (4) such meetings shall be held during each fiscal year. If such meetings are scheduled by the Board on a routine basis, notice of the prearranged schedule shall be given and no further notice need be given. Alternately, at least forty-eight (48) hours prior to each meeting, the Secretary shall cause to be given to each Board member notice of the meeting and shall cause to be provided public notice, including the agenda, by posting the same pursuant to Section VI.3.

Section 9. Special Meetings. Special meetings of the Board may be held when requested by the President or by a majority of the Board. At least forty-eight (48) hours prior to each meeting, the Secretary shall give each Board member notice of the meeting and shall provide public notice, including the agenda, by posting the same pursuant to Section VI.3.

Section 10. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be valid as though taken at a meeting duly held after regular call or notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice, or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting, before or at its commencement, about the lack of adequate notice.

Section 11. Quorum of the Board. At all meetings of the Board, a majority of the voting directors shall constitute a quorum for the transaction of business, and the votes of a majority of the voting directors present at a meeting where a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting cannot be held because a quorum is not present, a majority of the voting directors who are present at such meeting may adjourn the meeting to a time not less than five (5) and not more than thirty (30) days from the date thereof. When the meeting is reconvened, any business which might have been transacted at the original meeting may be transacted without further notice.

Section 12. Tele-meetings. In exceptional circumstances, including those that might make it extremely difficult or impossible for a quorum to be present, the President shall have the authority to allow the Board to conduct its meeting by means of a conference telephone or other telecommunications equipment which allows all persons participating in the meeting to communicate with each other at the same time, and to vote, so long as a quorum of directors is present either in person or via such equipment.

Section 13. Open Meetings. Except as provided in this subsection, all meetings of the Board shall be open for observation by all owners of record and their authorized agents. The Board shall keep minutes of all actions taken by the Board, which shall be available to all owners. Upon the 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 the possible liability of an owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board, following the closed session, reconvenes in open meeting and votes in the open

meeting on such motion, or other action which is reasonably identified. The requirements of this subsection shall not require the disclosure of information in violation of law, or which is otherwise exempt from disclosure.

Section 14. Conduct of Meeting. The President shall preside over all meetings of the Board. The Secretary shall keep the Minute Book of the Board, recording all resolutions adopted by the Board and all transactions occurring at the meeting. The latest edition of Robert's Rules of Orders shall govern the conduct of all board meetings when not in conflict with these Bylaws and any special rules of order or resolutions the Board may adopt.

Section 15. Action Without Formal Meeting. Any action to be taken at a meeting of the directors, or any action that may be taken at such a meeting, may be taken without a meeting if all of the directors consent thereto in writing, provided that a good faith effort has been made to call a meeting.

C. Powers and Duties.

Section 16. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers necessary and convenient to conduct the affairs of the Association and, as provided by law, may do all acts and things except those which are reserved for the members by the Articles of Incorporation, these Bylaws, or the laws of the State of Washington. The Board may not transfer any of its responsibilities to a third party. However, it may delegate the execution of any aspects of its affairs, provided that such delegation is accompanied by clear and specific definition of accountability, authority, performance, expectations, and the means by which performance will be measured.

Section 17. Management Agent(s). The Board may employ one (1) or more management agents at a compensation established by the Board to perform such duties and services as the Board may authorize pursuant to Section 16 above. The term of any such management agency shall be established by mutual agreement of the parties.

Section 18. Borrowing. The Board shall have the power to borrow money for Association purposes without the approval of the members of the Association.

Section 19. Annual Dues and Assessments, and Special Assessments.

(a) Assessments.

(i) All annual dues and assessments, and special assessments, shall be proposed for member approval by a vote of the Board, which member approval shall be by a vote of not less than sixty percent (60%) of the members present in person or by mailed ballot at any Annual or Special General Meeting. ***see important Section footnote¹**

¹ ***Important footnote:** The above paragraph §19(a)(i) is superseded by RCW 64.90.525, per RCW 64.90.085(2). The original Bylaw verbiage has been retained to reserve all rights in the event RCW 64.90.085(2) no longer applies.

Under by RCW 64.90.525, per RCW 64.90.085(2), our annual dues, assessments, and special assessments payments are combined into a budget and that budget is placed on the ballot by the Board of Directors. If the budget is not **rejected** by owners holding the majority of ALL votes in the Association, the budget is ratified.

(ii) Annual dues and assessments shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the owners, including maintenance of the Association's real and personal property, all of which may be more specifically authorized from time to time by the Board.

(iii) Special assessments shall be for the purpose of paying the costs of, and any loans related to, capital improvements and repair.

(iv) Limitations on Dues and Assessments

1. a) Annual dues and assessments for any fiscal year shall not be increased greater than seven percent (7%) of the annual dues and assessments for the Association's preceding fiscal year.

b) Special assessments for any fiscal year, in aggregate, may not exceed fifteen percent (15%) of the budgeted gross assessment revenue of the Association for that fiscal year, excluding any budgeted special assessment revenues.
2. These limitations do not serve to limit assessment increases necessary for an unbudgeted emergency expense which exceeds 15% of the Budgeted Gross Revenues of the Association for the year in which an emergency assessment is proposed. At least one of the following must apply to the emergency situations expense(s):
 - a) Authorized or required by statute.
 - b) Required by an order of a court.
 - c) Necessary to repair or maintain the common interest development or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered.
 - d) Necessary to repair or maintain the common interest development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the board in preparing and distributing the annual budget.
3. Upon completion of a special assessment project, any excess funds will be considered common surplus, and shall, at the discretion of the board, either be returned to the unit owners or applied as a credit toward future assessments.

(b) Due and Payable. All annual dues and assessments, and special assessments, shall be payable annually, quarterly, monthly, or as otherwise determined by the Board, and are due on such dates as fixed by the Board.

(i) **Delinquency.** If payment in full is not received when due, the account shall be deemed delinquent and the balance of any unpaid annual dues and assessments, and special assessments, and charges associated therewith, shall become immediately due and payable. Delinquent accounts shall be subject to late charges and lien filing fees as established by the Board. In addition, the unpaid balance of annual dues and assessments, and special

assessments, charges and fees shall accrue interest at a rate established by the Board until paid in full. The Association shall also be entitled to recover, from the member, all attorneys' fees and costs incurred because of the failure of the member to pay annual dues and assessments, or special assessments, charges and fees in a timely manner.

(ii) **Personal Liability.** A member is personally obligated to pay all annual dues and assessments, and special assessments, charges and fees, accruing on a lot during the tenure of his/her ownership thereof. A member is also personally liable for the payment of interest accruing on any unpaid annual dues and assessments, and special assessments, charges and fees, as well as on unpaid court costs, attorneys' fees, lien filing fees, and other reasonable costs of collection.

(iii) **Liens.** In the event of delinquency, the entire amount of any unpaid annual dues and assessments, and special assessments, charges and fees, interest, attorneys' fees, lien filing fees, and other reasonable costs of collection shall become a lien against the lot or other property upon which they accrue, which may be foreclosed as provided by law and/or collected from the member, his/her heirs, or other successors and assigns.

(c) The subscription fee for the newsletter published by the Association shall be included in the annual dues and assessments, and the newsletter shall be mailed to the voting member at the address of record of each lot so long as the member is in good standing. Additional subscriptions per lot are available at an additional cost as shall be determined from time to time by the Board.

(d) Suspension of membership privileges due to failure to maintain membership in good standing, and/or termination of membership due to transfer of title to the real property to which said membership is appurtenant, shall not constitute a release from the personal obligation to pay such annual dues and assessments, special assessments, or any charges associated therewith.

(e) The Association shall be exempt from payment of annual dues and assessments and special assessments on lots owned by the Association.

Section 20. Use Fees. Use fees may be levied against members in amounts to be determined by the Board for services which benefit specific members, including fees for use of amenities or facilities, recreational fees, trash service fees and other special fees. Such fees may be levied against those members determined by the Board to benefit from or otherwise take advantage of the services or benefits so provided.

Section 21. Use Rights. The Board may grant use rights, upon the payment of such charges as it deems appropriate, to persons who are not members of the Association. Such use rights shall be subject to the Restrictive Covenants, these Bylaws, and any Rules and Regulations or other use restrictions promulgated by the Association or the Board, but such rights shall not include any voting privileges.

Section 22. Fines and Penalties. The Board is authorized to impose monetary fines and other penalties against members for violations of the Restrictive Covenants, these Bylaws, and Rules

and Regulations of the Association as might be applicable to the lots, Common Property or other property of the Association. Any member of management staff of the Association assisting the Board, as well as any member of the Board, shall have the right, during reasonable hours and upon reasonable notice, to enter upon any lot to inspect said lot and any improvements thereon for the purpose of ascertaining whether or not the Restrictive Covenants, these Bylaws, the Guidelines, and the Rules and Regulations of the Association have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry. The Board shall not impose a monetary fine or other penalty unless and until notice of the provision alleged to have been violated has been provided as required in the respective documents or as herein provided. A violator shall be offered the opportunity to appear before the Appeals Committee of the Board to explain why a fine or penalty should not be levied or to request an adjustment of the fine or penalty levied. The Board may assign its power to impose monetary fines and other penalties to the management staff of the Association. A late charge shall not constitute a fine. Members shall be personally liable for the payment of monetary fines and/or other penalties which, if not paid when due, shall become a lien against the property which may be foreclosed as provided by law and/or collected from the members, his/her heirs, successors and assigns.

Section 23. Actions of the Board Directly Benefiting Board Member.

- (a) Any member of the Board who can reasonably expect to benefit in a direct or substantial way not common to other members of the Association from the possible outcome of the Board action under discussion must comport themselves as required by paragraph 3(b) above.
- (b) The Board may contract or otherwise deal with any company of which a Board member is a director, shareholder or an employee, provided such Board member does not vote on any motion respecting the contract or participate in any discussion thereof.
- (c) With approval of the Board, a member may be reimbursed for expenses incurred in carrying out business of the Board.
- (d) No person closely related to a director, or an employee shall be employed by the Association unless approved by the Board.

Section 24. Rules and Regulations. In addition to such other powers conferred upon the Board, the Board shall have the power to promulgate such rules and regulations as it deems appropriate. Members shall be responsible for complying with the rules and regulations adopted by the Board and ensuring that their guests and tenants comply therewith. Publications of the Rules and Regulations in the Association newsletter shall be deemed official notice to all members of the existence of the rules and regulations and the obligation to comply therewith.

Section 25. Sale of Non-Trust Properties. The Board may sell non-trust properties only after receiving member approval for such sale at a regular or special meeting of the membership at which a quorum is present. An affirmative vote of 60% of all votes cast shall be required for such approval. Measures submitted to the membership for the sale of a non-trust property shall include

a description of the property to be sold and an estimate of the property's fair market value as determined by an appraisal or broker's opinion of the fair market value which shall be kept on file at the Association's office and shall be available for review by members upon request in advance of the meeting. Any sale approved by the membership under this section must be completed within twenty-four (24) months from the date of the membership vote, and the sales price shall not be less than 90% of the valuation provided to the membership in advance of the meeting. This section shall not apply to residential lots within Sudden Valley which the Association may from time to time acquire through lien foreclosure, tax sales, voluntary transfers or other means.

ARTICLE IV OFFICERS

Section 1. General.

Section 1. Officers. The officers of the Association shall be the President, Vice President, Secretary and Treasurer. Any two (2) or more offices may be held by the same person, except the office of President. The Board may also elect such other officers as it deems necessary, such officers having the authority to perform duties as prescribed by the Board and the applicable laws of the State of Washington.

Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by a majority vote of the Board at the organizational meeting of the Board following each Annual General Meeting. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by a majority vote of the Board whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4. President. The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of the Association and of the Board, unless the President shall direct management or others to preside. The President shall have all the general powers and duties which are incident to the office of the President of a corporation organized under the applicable laws of the State of Washington.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board and shall be in charge of such books and papers as the Board may direct and shall, in general, conduct all duties incident to the office of the Secretary of a corporation organized under the applicable laws of the State of Washington.

Section 7. Treasurer.

(a) The Treasurer shall be responsible for financial and fiscal oversight of the Association, and for ensuring

- (i) Association financial records and books of account are full and accurate, showing all receipts and disbursements,
- (ii) Proper preparation and filing of all required financial statements and tax returns, and
- (iii) Deposit of all monies and other valuable affects in the name of the Association in such depositories as may be designated by the Board.

(b) All checks shall require two (2) officer signatures. The Treasurer shall cause an annual audited financial statement to be made available to the Association and cause financial statements to be published on a quarterly basis in the newsletter of the Association.

Section 8. Absence of Officers. In the absence of both the President and Vice President from a meeting, the directors present shall, by majority vote, elect from the remaining directors present, other than the Secretary, a director to be Chairperson of that meeting. In the absence of the Secretary, the directors present shall choose from among themselves one (1) director, other than the President, to serve as Secretary at that meeting.

Section 9. Compensation. No officer shall receive any compensation from the Association for acting as such.

Section 10. Resignation. Any officer may resign their executive office at any time by giving written notice to the Board, the President or the Secretary of the Association. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Acceptance of a written resignation shall not be necessary to make it effective.

Section 11. Agreements, Contracts, Deeds, Licenses, Checks, Etc. All agreements, contracts, deeds, leases and other instruments of the Association shall be executed by at least two (2) officers or by such other person(s), including managing agents, as may be designated by resolution of the Board.

ARTICLE V COMMITTEES

Section 1. General.

(a) Operation. The Board is authorized to organize committees to perform tasks and to serve for such periods as the Board may, by resolution, specify. Committees shall perform the specific duties as provided in the resolution adopted by the Board. Subject to approval of the Board, each committee shall adopt its own rules or procedures; provided that

- (i) a minimum of four (4) meetings shall be held each year,
- (ii) notice of each meeting shall be posted pursuant to Section VI.3., normally including an agenda.

(iii) no business shall be conducted with less than a quorum of voting members present, as may be established pursuant to Robert's Rules of Order or by the Board, and

(iv) minutes of each meeting shall be filed with the Secretary of the Board.

(b) Membership.

(i) The members of these committees shall be members in good standing throughout their term and shall be appointed by the Board, except as otherwise provided herein.

(ii) Other than committees whose members are elected by the members – for which the provisions of Section III.A.5. shall apply – committees may request that the Board consider whether one (1) or more members of the requesting committee shall be removed.

(1) A committee decision to make such a request of the Board shall be reached only in a public session of the requesting committee,

(2) which session shall be held with a quorum of the committee in attendance, in addition to the affected member(s), and

(3) which decision shall be obtained by an affirmative vote of two-thirds (2/3) of the committee members actually present, regardless of abstentions, but not including the affected member(s) who shall have no vote.

(iii) The standard for any and all evaluation of removal from a committee shall be conduct severely disruptive to, or interfering with, assigned activities and responsibilities of the committee, or other seriously egregious conduct unbecoming of a committee member, including a violation of these Bylaws.

Section 2. Architectural Control Committee.

(a) The Architectural Control Committee shall be composed of nine (9) members in good standing who shall be elected to serve until their successors are elected. Members of the Committee shall serve rotating three (3) year terms staggered such that only three (3) members are to be elected each year, and selection of Committee members shall be bound by the following:

(i) Election of the Committee shall be concurrent with election of Nominations and Elections Committee members, immediately following voting for Board members at the Annual General Meeting.

(ii) No member of the Committee shall serve more than two (2) consecutive terms regardless of whether they are elected or appointed to those terms, or a maximum of six (6) successive years even if no successor has been elected for that seat. After expiration of one (1) year, the member shall again be eligible for election or appointment to the Committee.

(iii) The Chairperson of the Committee shall be elected by the members of the Committee during the first meeting each year after the Annual General Meeting and shall serve as a non-voting member of the Board. No other Committee member may serve on the Board concurrently with their Committee membership.

(iv) A plurality of votes shall elect members of the Committee.

(v) If an ACC member or members, for any reason, steps down prior to the end of their defined term, the ACC Chair shall request the N&E Committee to submit not less than one (1) nominee more than the number of vacancies to be filled. The remaining ACC members shall by majority vote, select the required successors from the nominees selected. The ACC Chair will submit any nominees to the Board for approval, who will then serve until the conclusion of the next AGM. Should there be an inadequate number of new applicants at the AGM, the appointed successor(s) may remain an ACC member(s) through the original term of the member(s) replaced.

(b) The Architectural Control Committee shall have such powers as are specifically set forth in the Restrictive Covenants. The Committee may also perform such additional duties as the Board may, from time to time, designate. Acting in accordance with the provisions of the Restrictive Covenants, these Bylaws, Rules and Regulations of the Association and the Guidelines, the Committee shall act as the hearing tribunal of the Association for architectural control matters as defined in the Restrictive Covenants and as may be assigned by the Board. The Association, through its management staff, shall enforce the provisions of this Section and may stop any construction in violation of these restrictions by issuing written cease and desist orders, or by application with the court for injunctive relief. A lot owner who violates any ruling of the Architectural Control Committee shall be subject to fine for violation of a rule, regulation or policy of the Association. Fines for violation of this Section shall be established by the Board, and assessed by the Board or the management staff of the Association, not the Committee.

(c) Any member of the Committee, or any management staff of the Association, as well as any member of the Board, shall have the right, during reasonable hours and upon reasonable notice, to enter upon any lot to inspect said lot and any improvements thereon for the purpose of responding to a request submitted to the Committee pursuant to the Restrictive Covenants, these Bylaws, the Guidelines, and the Rules and Regulations of the Association. Such person or persons shall not be deemed guilty of trespass by reason of such entry.

Section 3. Nominations and Elections Committee. The Nominations and Elections Committee shall be composed of five (5) members in good standing who shall be elected in person or by mailed ballot to serve until their successors are elected. Normally, members of the Committee will be elected for two (2) year terms except that terms are to be staggered so that continuity of experience will be maintained. For any year in which more than two (2) vacancies are to be filled, the additional vacancies will be for one (1) year or two (2) year terms, chosen so that no more than two (2) terms will expire in any year. The Committee shall follow the provisions of Article III, Section 3 of these Bylaws, and shall be bound by the following:

- (a) Election of the Committee shall immediately follow voting for Board members at the Annual General Meeting.
- (b) The Chairperson of the Committee shall be elected by the members of the Committee during the first meeting of each year after the Annual General Meeting and shall serve as a non-voting member of the Board.
- (c) No person nominated as a Board member or as a member of the Nominations and Elections Committee or the Architectural Control Committee, nor members of their family or their household, shall assist in counting votes for any election.
- (d) No person shall be elected to consecutive terms on the Committee but shall be eligible for re election after a waiting period of one (1) year.
- (e) No person shall serve on the Committee and the Board concurrently, other than the Chairperson of the Committee serving as the representative of the Committee.
- (f) A plurality of votes shall elect the members of the Committee.
- (g) If a member of the Committee fails to serve a full term for any reason, the Committee shall appoint someone to replace that member until the next regular election is held.
- (h) The Committee shall solicit nominations for candidates for election to the Board, the Nominations and Elections Committee, and the Architectural Control Committee, as well as solicit for applicants to serve on the Finance Committee.
- (i) The Committee shall supervise the balloting during elections, as set forth in Article III, Section 3, of these Bylaws.
- (j) The Committee shall supervise elections conducted during any Annual or Special General Meeting as set forth in Article III, Section 3(f), of these Bylaws.
- (k) No person may serve on the Nominations and Elections Committee who is related to a sitting Board member or member of the Architectural Control Committee.

Section 4. Finance Committee.

(a) Membership. The Finance Committee shall consist of a minimum of five (5) members and a maximum of seven (7) members as determined annually by the Board. The Treasurer shall be a member of the committee and serve as the Chairperson. The remaining committee members shall be comprised of at least one (1) Board member and at least two (2) Association members. The majority of the committee members must have experience or training in accounting, financial management, or corporate finance. Annually the Treasurer shall submit to the Board a list of names of individuals to serve on the committee in the coming year. The Board shall consider, but shall not be required, to select committee members from the list submitted by the Treasurer.

(b) Purpose. The Finance Committee's purpose is to assist the Board in overseeing the Association's financial affairs in the areas of financial management, accounting, reporting and internal controls. The committee may also make recommendations to the Board concerning creation, modification or implementation of financial policies and/or procedures and make recommendations pertaining to capital expenditures, budgets, investments and other matters related to the Association's financial affairs.

(c) Meetings and Procedures. The Finance Committee shall meet at least ten (10) times annually. All meetings shall be conducted in accordance with Robert's Rules of Order.

(d) Responsibilities. The Finance Committee shall provide assistance to the Board in fulfilling its oversight responsibilities related to management of the Association's financial affairs which assistance shall consist of:

- (i) Determining whether the Association's accounting policies, procedures, and internal controls are adequate to safeguard its assets and to assure legal compliance.
- (ii) Monitoring income and expenses to determine whether they conform to the budget approved by the members.
- (iii) Reviewing department and/or operational budgets and making recommendations to the Board with respect thereto.
- (iv) Periodically reviewing the Association's financial policies and procedures and making recommendations to the Board with respect to updates or modifications thereto.
- (v) Evaluating the performance of the outside auditor and when appropriate, however, at least annually, make recommendations to the Board concerning retention or replacement of the outside auditor. The outside auditor is ultimately accountable to the Board.
- (vi) Annually reviewing the proposed scope of the outside audit and the proposed fee and make recommendations to the Board with respect thereto.
- (vii) Reviewing the Association's investment policies and performances.
- (viii) Consulting with the Board concerning long-range financial planning.
- (ix) Performing such additional duties as the Board may, from time to time, designate by resolution.

Section 5. Executive Committee. The Executive Committee shall be composed of not less than three (3) officers of the Association and not more than four (4) voting Board members, provided, that the total number is not less than four (4). The Executive Committee shall have supervision of

the affairs of the Association in any special situation where forty-eight (48) hours notice cannot be given for a special Board meeting and thus for its own meeting(s). The Executive Committee may meet in closed session to prepare for a closed session of the Board, and may perform such other duties as specified by the Board. Actions taken by the Executive Committee shall be presented to the Board at the next available Board meeting for the Board's consideration and ratification. Executive Committee actions authorizing expenditures or incurring Association legal obligations, if taken in emergency situations, cannot be denied or repudiated by the Board, although they may be grounds for removal from the Executive Committee.

Section 6. Appeals Committee.

(a) The Appeals Committee shall be composed of members of the Board, three (3) of whom at any one (1) time shall sit as a hearing panel to provide any individual who has received a notice of violation of the Restrictive Covenants, these Bylaws or the Rules and Regulations of the Association with an opportunity for an impartial hearing before that panel. The Vice President shall serve as chair.

(b) A hearing panel shall meet in public session, with public notice and agenda, unless requested to be closed by the appellant, as needed to hear requests for waiver or adjustments of fines and penalties levied as a result of the aforesaid alleged violations. The hearing panel's decision regarding such requests will immediately take effect unless appealed as specified herein.

(c) The Appeals Committee shall prepare, update, publish, and operate pursuant to, written guidelines and procedures. These guidelines

(i) shall include the right of a member to appeal any hearing panel decision to the remaining Board members – those not having served on the relevant hearing panel – for a final decision by majority vote of that number, and

(ii) shall set forth the procedures by which said appeal must be filed.

Section 7. Document Review Committee.

(a) Membership. The Document Review Committee of the Board shall consist of at least three (3) members: two (2) Board members, one (1) acting as Chair, and at least one (1) additional Association member with experience in corporate governance or law.

(b) Purpose. The purpose of the Document Review Committee is to:

(i) locate and maintain in the Association's principal office a current and correct copy of all Association governing documents, including policies, procedures, handbooks or manuals, and studies, as well as any other official corporate records of the Association;

(ii) review all of the aforesaid governing documents and similar materials and identify any of them which are not

- (1) consistent with any applicable statutory and regulatory requirements,
- (2) verifiable as having been properly voted on, passed or otherwise established,
- (3) internally consistent or in harmony with all other said documents and materials, or
- (4) any longer necessary, or otherwise contributing to the efficient harmonious operation of the Association or the Sudden Valley community, and then make recommendations to the Board for all necessary and appropriate corrections of any such deficiency as identified.

(iii) make additional recommendations, including as may be initiated or suggested by any community member or other reasonable source, to the Board for all other useful or necessary, and appropriate, additions, modifications, or deletions of provisions in any Association governing document, or policy, procedure, handbook or manual, in order to better facilitate the efficient, harmonious operation of the Association and the Sudden Valley community.

(c) Meetings and Procedures.

(i) The Committee, no later than thirty (30) days prior to each Annual General Meeting, shall submit to the Board a written report of all of its activities and all recommendations made to the Board since the preceding Annual General Meeting, and may also provide to the Annual General Meeting attendees a brief oral summary of said report. The Board may also direct the Committee to provide interim reports at any other time.

(ii) If any activity of the Committee will require the expenditure of funds to be paid or reimbursed by the Association, the Committee shall first obtain authorization therefore from the Board.

Section 8. Long Range Planning Committee. There shall be a Long Range Planning Committee (LRPC).

(a) Membership. The Committee shall be composed of eleven (11) voting members and one (1) staff member: two (2) Board members and nine (9) Association community members. Annually, the Board shall appoint the two (2) Board members and one (1) staff member. One (1) of the appointed Board members shall serve as the Chair of the Committee. The remaining members shall serve terms of three (3) years, with three (3) members' terms expiring annually. Each year, the Chair and at least one (1) other Committee member shall choose from amongst applicants for the Committee three (3) candidates to present to the Board for approval. In the event that a member of the Committee resigns or otherwise ceases to be a member, the Committee shall choose from applicants one (1) individual to serve the remainder of that member's term. After the expiration of one (1) year, a member whose term has expired shall be eligible for a new term.

Members who are serving the remainder of a term may immediately serve another term if selected to do so. The Committee may further establish subcommittees, task teams and/or advisory committees consisting of members and/or outside professional resources as required for specific planning elements.

(b) Purpose.

(i) The Committee shall continually maintain a comprehensive, relevant, and vital Sudden Valley Community Plan, covering the next three (3), five (5), and ten (10) years, including a formal assessment of community membership needs, with annual updates, and a major review at least every three (3) years.

(ii) The Sudden Valley Community Plan shall focus on Association community development, services, parks and recreation, infrastructure, facilities, and increasing non-dues revenue. The Plan shall also provide recommendations for the creation or elimination of specific policies essential to achieving the goals of the Plan.

(c) Responsibilities.

(i) The Committee shall provide written and oral reports to the Board periodically throughout the year. At least once annually, the Committee shall provide to the Board the Sudden Valley Community Plan as described above.

(ii) When new Boards are elected, no later than the second meeting of that Board, leadership from the Committee will present the current three (3), five (5) and ten (10) year Plans to the new Board.

(iii) It is the responsibility of the Board to ensure the Sudden Valley Community Plan is utilized in annual departmental budget development as well as in development of the annual budget proposed for approval by the members.

(d) The Board may approve specific amendments to the Sudden Valley Community Plan if necessary to meet changed circumstances, including but not limited to introduction of new state/county laws, changes in financial circumstances, loss of Association assets, etc. Such amendments must be approved by a two-thirds (2/3) majority of the Board.

(i) The Committee shall coordinate with the Communication Committee to communicate with the community as needed.

(ii) The Committee shall coordinate with the Finance Committee to maintain awareness of financial issues and to assist in budget planning processes as necessary to ensure strategic goals are met.

**ARTICLE VI
MISCELLANEOUS**

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Books and Records.

(a) Inspection by Members. The Articles of Incorporation, these Bylaws and the membership register, books of accounting, and minutes of meetings of members, the Board, and of the committees shall be made available for inspection and copying by any member of the Association or by his/her representative at any reasonable time for any reasonable purpose. The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

(i) The inspection shall take place at the Association's principal place of business. Commercial use or sale of membership lists by a member, obtained through exercise of these inspection rights, is prohibited.

(ii) The Board shall establish reasonable rules with respect to the type of notice to be given to the custodian of records by the member desiring to make the inspection, hours and days of the week when such inspections may be made, and payment of the cost of reproducing copies of documents requested by a member.

(b) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The directors' rights shall include the right to make extra copies of documents at reasonable cost to the Association.

Section 3. Notifications. Unless otherwise provided herein, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given

(a) if to be provided to all members generally, posted at the Association's principal office, and on an appropriate Association web page as may exist; and

(b) if to be delivered personally, sent by electronic mail (as specified by RCW 24.03.009 or RCW 64.38.035[2][c]), or sent by first class mail, postage prepaid:

(i) if to a member, at the address or electronic mail address which the member has designated in writing and filed with the Secretary, or if no such address has been designated, at the last known mailing address of the member; or

(ii) if to the Association, the Board, or the managing agent, at the Association's principal office or such other mailing address or electronic mail address as shall be designated by notice in writing to the members pursuant to this section.

Section 4. Audit. The Board shall have an annual independent audit of the accounts of the Association prepared by a certified public accountant with no interest potentially conflicting with the proper performance of their professional responsibilities.

Section 5. Amendment. These Bylaws may be amended at any Annual or Special General Meeting by a two-thirds (2/3) vote of the members on the proposal with notice thereof as provided in Sections II.3. and VI.3., including written notice of the proposed change, or a summary thereof. In the event that a summary is provided, the members shall be entitled to obtain a copy of the text of the proposed change from the Association at its principal place of business or an appropriate Association website. Amendments shall become effective immediately upon their adoption unless otherwise stated in the amendment.

Section 6. Lot Consolidation.

(a) Procedures.

(i) The procedures of this section apply to both "lot line erasures" and "Irrevocable Covenants to Bind Properties and Forfeit Membership(s)" as specified herein, unless otherwise explicitly stipulated.

(ii) Any owner who, pursuant to the requirements of this section, is permitted to consolidate two (2) or more lots having contiguous lot lines as originally platted into one (1) lot shall henceforth be responsible for all annual dues and assessments, and special assessments, for that resulting consolidated lot as one (1) single lot, or as otherwise determined by the Board pursuant to this section, but shall be entitled only to one (1) vote, regardless of the number of lots combined or the amount of annual dues and assessments and special assessments paid.

(iii) Lots may not be consolidated unless the owner seeking to consolidate such lots could qualify as a member in good standing.

(iv) Lot consolidation does not take effect until the lots have been acquired and the owner has made all necessary filings with, and obtained all necessary approvals from, Whatcom County. If that process takes longer than one-hundred-twenty (120) days from the date of that request for consolidation, the Board may require resubmittal of the owner's application.

(v) The Board shall approve all applications by owners who meet the requirements set forth herein for requests that seek to consolidate no more than two (2) lots into one (1), provided that neither of the lots being consolidated have been subject to any prior consolidation. In all other instances, the decision to grant consolidation, and any reduction in annual dues and assessments, and special assessments, as well as the amount of any such

reduction, shall be discretionary with the Board.

(vi) Applications for lot consolidations must be in a form approved by the Board and accompanied by payment of a fee equivalent to one (1) year's advanced annual dues and assessments and current special assessments for each lot to be absorbed by means of consolidation.

(vii) An owner who has consolidated lots shall immediately execute and record a covenant in the appropriate office of Whatcom County prohibiting himself/herself, his/her heirs, successors and assigns from later subdividing the newly constituted lot.

(b) Lot Line Erasures and Irrevocable Covenants to Bind. Before being recognized by the Association:

(i) Lot line erasures must be approved by Whatcom County.

(ii) Irrevocable Covenants to Bind Properties and Forfeit Membership(s) must comply with the following:

(1) Recording, with the appropriate office of Whatcom County, the covenant and forfeiture in a form approved by the Board which is signed by the owner(s) of the lots being consolidated, all lien holders of record, Whatcom County, and the Association; and

(2) Providing the Association with verification from a title insurance company, in a form acceptable to the Board, that the legal owner(s) of the lots and all lien holders of record are bound by the Irrevocable Covenant to Bind Properties and Forfeit Membership(s).

(c) Fee Waiver. The Board may, by motion, waive the requirements in subsection (a)(vi) above concerning the payment of one (1) year's advanced annual dues and assessments, and special assessments; provided, however, that such waiver shall be applied to all lot consolidation requests which are properly submitted during such waiver period and, further, that such waiver period shall not extend beyond the end of that current fiscal year.

Section 7. Leasing.

(a) Long Term Leasing A member or owner may lease or otherwise transfer use or occupancy of any lot for residential purposes only. The term "tenant" as used herein is defined as a person(s) to whom a member(s) has extended use of his/her lot as evidenced by a written lease or rental agreement. The lease or rental agreement and name of the property manager (if different from the owner) shall be filed with the Association prior to the commencement of each rental period. Failure to provide a copy to the Association will result in a fine as defined in the Fee and Fine Schedule to the owner of the property.

A member in good standing who leases his/her residential unit may assign membership privileges to the tenant; provided, however, that the tenant shall have no right to vote or right to notice of any regular or special meeting of the Association.

All occupants of any such lot, by occupying the lot, agree to abide by, and be subject to, all provisions of the Restrictive Covenants, these Bylaws and the Rules and Regulations of the Association, use restrictions, fines, penalties, or injunctive relief promulgated pursuant thereto by the Association or the Board, which govern the conduct of owners, and which provide for sanctions against owners notwithstanding the absence of any such agreement of the tenant set forth in such tenant's lease agreement.

Privileges shall be reinstated automatically upon expiration of the lease. Neither the lease nor the rental agreement shall relieve or release owners from obligations and responsibilities incidental to their membership, including the personal obligation to pay annual dues and assessments, special assessments, fines, or charges associated therewith. If an owner rents to another member in good standing, then the owner need not assign his membership rights and privileges.

- (b) Short Term Rentals** Any member or owner leasing or renting property for fewer than thirty (30) consecutive nights is considered a Short Term Rental (STR) under RCW 64.37.010 and shall be required to meet all County and State regulations applicable to STR's for such activity.

Owners of a Short-Term Rental (STR) shall be required to register the property with the Association including the address of the property and any contact information for said property. Failure to do so will result in a fine for the owner of the property.

A member in good standing who leases his/her residential unit may not assign membership privileges to the transient tenants renting on a short term basis, as assigning privileges requires the names of the tenants assigned the privileges.

Section 8. Dissolution. In the event of dissolution of the Association, the assets of the Association shall be distributed in the manner provided by Law.

Section 9. Indemnification. Every director, officer, agent and employee of the Association now or hereafter serving as such shall be entitled to indemnification to the extent permitted by state law as the same may, from time to time, exist.

Section 10. Association Newsletter.

- (a) It is the intent of the membership that the Association's newsletter, Sudden Valley Views or its successor, be a vehicle for an uncensored community exchange of opinions, ideas, and positions of any and all matters of community interest.
- (b) The Board or their designated representative shall be the publisher of the Association newsletter, but the publisher shall always adhere to the principles of freedom of the press.
- (c) The Editor shall, by contract with the Board, be an independent contractor as that term is specifically used and not an employee of the Association.

(d) The Editor's contract shall provide the Editor with complete control of the written content of the Association's newsletter with the sole exception of any and all materials submitted by the Board under its signature for inclusion in any edition.

IN WITNESS WHEREOF, the Board of Directors of Sudden Valley Community Association have caused these Bylaws to be executed and sealed.

SUDDEN VALLEY COMMUNITY ASSOCIATION:

Board of Directors:

Approved and adopted by 2025 Board of Directors at a regular scheduled Board meeting.

Date: November 13, 2025