

## BYLAWS OF PINELOCH BEACH CLUB INC., HOMEOWNERS' ASSOCIATION

### ARTICLE I

NAME AND LOCATION. The name of the corporation is PINELOCH SUN BEACH CLUB, INC. Homeowners' Association", hereinafter referred to as the "Association." The address of the Association shall be 130 Beach Club Road, Ronald, Washington 98940. Meetings of members and directors may be held at such places within the state of Washington, county of Kittitas, as may be designated by the Board of Directors. The Association shall be a non-profit corporation formed under the provisions of RCW 24.03.

### ARTICLE II. DEFINITIONS

- 2.1. "Association" shall mean and refer to Pineloch Sun Beach Club, Inc.'s Homeowners' Association, its successors and assigns.
- 2.2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- 2.3. "Common Areas" shall mean and refer to all of the real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Members of the Association except the Lodge (as defined in Article 2.12).
- 2.4. "Common Maintenance Areas" shall mean those portions of all real property (including the improvements thereto) maintained by the Association for the benefit of the Members of the Association except the Lodge (as defined in Article 2.12).
- 2.5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties. Common Areas and Common Maintenance Areas shall not be regarded as Lots.
- 2.6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of (1) a fee simple title to any Lot which is a part of the Properties (but excluding those persons or entities, such as real estate contract sellers, having record title merely as security for the performance of an obligation), or (2) the Purchaser under a real estate contract prior to issuance of the fulfillment deed for the contract.
- 2.7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Kittitas County Recorder.
- 2.8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration and the spouse, children, or domestic partner of said person.
- 2.9. "Social Members" shall mean and refer to those Members who own Lots in the area commonly referred to as Wildwood. The Lots of Wildwood are legally described as *Lots 1-36 of Wildwood, Plat 1, as per plat thereof recorded in Book 4 of Plats, pages 31 and 32, in the County of Kittitas, State of Washington.* Social Members shall pay half of the annual dues and assessments described in Article XII. Social Members may still be subject

to special assessments, and other charges, fines, or penalties. Except as described in this paragraph, said Lodge privileges and Lodge membership of Social Members are subject to the same conditions and terms as other Members, more fully described herein, and for purposes of Lodge privileges and Lodge membership, the terms "Member/s" or "Social Member" may be used interchangeably.

2.10. "Proxy" shall mean an agreement, acknowledged in writing that entitles another homeowner to vote on your behalf at a meeting of the membership where the homeowner is unable to attend and the agenda indicates a vote of the membership will be cast at the time of the meeting. Voting will typically be conducted using written ballots, and if used, a proxy vote will not be applicable. All proxies shall be in writing and sent to or received by the Secretary of the Board of Directors prior to the anticipated vote.

2.11. "Ballot" shall mean a written ballot, mailed to the homeowner and to be returned to the Secretary of the Board of Directors no later than the date specified on the written ballot. The method designated for returning such ballots will be identified on the ballot form.

2.12. "Agreement of Association of Pineloch Sun Beach Club, Inc." may be used interchangeably with "Articles of Incorporation" or the "Articles".

2.13. "Lodge" refers to that property of Pineloch Sun Beach Club, Inc. containing the swimming pool, basketball courts, tennis courts, recreation buildings, and other certain amenities. Only Members shall have access to the Lodge and Lodge privileges described in Article 2.13.

2.14. "Lodge privileges" means physical access to the Lodge and enjoyment of the facilities and amenities contained therein.

2.15. "Lodge membership" means the designated Members who have access to the Lodge and who have Lodge privileges.

### ARTICLE III. MEMBERS

3.1. Membership. The membership of this Association shall consist of and is limited to the owners of lots in the area described in Article II of the Agreement of Association of Pineloch Sub Beach Club, Inc., and those designated in Article XV of these Bylaws. Those persons are entitled to use the privileges and facilities of the Club, under such rules as the Board may prescribe. There shall be only one voting membership per Lot, regardless of the number of occupants or those claiming any sort of interest in the Lot.

3.2. Transferability. See Article XV.

3.3. No membership shall be forfeited nor any Member expelled except for non-payment of dues and/or assessments, and no Member may withdraw except upon transfer of title to, or upon contracting for the sale of the lot to which his membership is appurtenant. The Association upon any transfer of membership shall pay no compensation and no Member whose membership is transferred shall be entitled to share or participate in any of the property assets of the Association. Upon the sale or transfer of title to the lot, any and all unpaid dues shall constitute a lien upon the property and the seller and the new purchaser shall both be liable for payment to the Association of membership dues.

3.4. Member access to Lodge. There shall be one Lodge membership per Lot, to be designated by the Lot Owner and annually submitted to the Secretary of the Association. Lodge membership includes the designated Member, spouse or domestic partner, and their children. Lodge membership designation may be changed annually. When the designation is changed, it must be submitted by a Member at the annual meeting in writing. Due to special circumstances presented by a Member at a regular meeting, the Board may alter the designated

Lodge membership by a two-thirds (2/3) majority vote.

#### ARTICLE IV. MEMBERSHIP MEETINGS

- 4.1. Annual Meetings. The annual meeting of the Members shall be held on the third Saturday of each September. The meetings will be held at the designated location of Pineloch Sun Lodge or a location selected by the Board of Directors which is convenient to all Members. The purpose of the Annual Meeting shall be to elect the Board of Directors, to receive reports of the officers and committees, to approve a budget for the fiscal year, and to conduct other necessary business of the Association.
- 4.2. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days, and not more than fifty (50) days, before such meeting to each Member entitled to vote at such meeting, addressed to the Member's address last appearing on the books of the Association. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. The Secretary shall sign a certificate of mailing such notice, showing the date and place of deposit in the mail, with a copy of the mailing list attached, which certificate shall be retained in the Association records for a period of five (5) years. Upon deposit of notice into the mail, notice is deemed received by the Member three (3) days after the date of mailing which appears on the certificate of mailing signed by the Secretary. For purposes of determining the date upon which notice was received, Sundays and legal holidays shall be excluded. Legal holidays are those stated in RCW 1.16.050.
- 4.3. Special Meetings. Special meetings of the Members may be called at any time by the President or by a majority of the Board of Directors, or by the Secretary upon written request of Owners owning at least ten percent (10%) of the lots within the jurisdiction of the Association. Notice of a Special Meeting shall comply with the notice provisions of Paragraph 4.2 "Notice of Meetings".
- 4.4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifteen percent (15%) of the voters entitled to be cast at the meeting shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. Where a quorum is originally present, business may commence and continue, notwithstanding the withdrawal of Members which would otherwise cause there to be less than a Quorum. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without additional notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.
- 4.5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and verifiable. To be considered, proxies must be received by the Secretary before the day of the annual meeting at least one (1) hour prior to the start of the meeting. Proxies are only valid for an upcoming vote and will not remain valid for a longer period of time. A Member may seal a proxy vote for purposes of confidentiality. The Secretary shall note the number of sealed proxy votes which are not to be opened until the date of the annual meeting.
- 4.6. Voting. Each Lot Owner shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, said person(s) are not entitled to any additional votes. The vote for such Lot shall be exercised as they by majority determine, but in no event shall more than one (1) vote be cast with respect to any Lot, nor shall any vote be divided. When more than one person holds an interest on any Lot, all such persons shall unanimously designate (in writing delivered to the secretary of the Association) one of the persons (owning an interest in the Lot) to vote (in person or by Proxy) the vote for such Lot. The voting rights of any Owner may be suspended as provided for either in the Declaration, or in the Articles, or in these Bylaws of the Association.

## **ARTICLE V. BOARD OF DIRECTORS: SELECTION: TERMS OF OFFICE**

5.1. Management of the Association. The affairs of the Association shall be managed by a Board of seven (7) Directors who are Members of the Association, to be known as the "Board of Directors". To be eligible for the Board of Directors, the Member cannot be delinquent by more than thirty (30) days in his or her payment of dues and assessments and must otherwise be in good standing.

5.2. Term of Office. There shall be seven (7) members on the Board of Directors. The directors shall be elected for three (3) year terms from the three divisions within Pineloch Sun., Four (4) directors shall own Lots collectively from Division I, Division II.. Two (2) directors shall own Lots from Division III. The seventh director shall be elected from the membership at large regardless of Pineloch Sun Division and shall serve a one (1) year term. In the event that the Nominating Committee or nominations from the floor at the Annual Meeting are unable to meet the representative requirements for directors per the divisional areas of Pineloch Sun, the Board may accept as nominees any Member or Members in good standing regardless of their divisional address to be voted on at the Annual Meeting. A staggered nomination and election schedule will be established to protect against block turnover of all Association directors and to ensure that continuity is maintained.

5.3 Removal of a director. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event a director is not in good standing, or fails to pay dues, or fails to pay an assessment, his or her removal shall be automatic and recorded in the minutes of the next regular meeting of the Board, at which time his or her successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of the predecessor. In the event of death, resignation, or removal of a director by means not previously described, his or her successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of the predecessor.

5.4. Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for the director's actual expenses incurred in the performance of the director's duties.

5.5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting in which they could take at a meeting by obtaining the written or electronic mail approval of a majority of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

5.6. Telephone Meetings. Members of the Board of Directors may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate with each other at the same time. Participation by such telephone communications equipment means shall constitute present in person at a meeting.

5.7. Wildwood not to have Board position. The area commonly referred to as Wildwood, and more fully described in Paragraph 2.9, maintains and operates its own Board of Directors. Therefore, those Members owning Lots in Wildwood are not eligible for a Board position within the Association.

## **ARTICLE VI. NOMINATION AND ELECTION OF DIRECTORS**

6.1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of three (3) Members appointed by the Board. The appointment of the Nominating Committee shall occur no later than the June meeting of the Board of Directors. When the term of a director is set to expire which would create a vacancy on the Board, the Nominating Committee shall be given instruction by the Board to name at least 1 (one) candidate per vacancy and present its report at the regular

Board meeting in September.

6.2 Procedure. The Nominating Committee will send out letters of interest to the Association Members prior to the regular meeting in July. Members of the Nominating Committee will then contact nominees to verify their interest. If the nominations are insufficient to fill the vacancies on the Board, the Nominating Committee will solicit interested parties. The nominees' names will be submitted to the Board and Association Members at the regular meeting in August. Additional nominations may be made by the Members in attendance. The Nominating Committee shall make as many nominations for election to the Board of Directors as desired, but not less than the number of vacancies that are to be filled.

6.3. Election. Election to the Board of Directors shall be by confidential written ballot. The election for the Board of Directors will be conducted by ballot and by proxy at the annual meeting. The nominee for each position receiving the largest number of votes shall be elected.

#### **ARTICLE VII. MEETING OF DIRECTORS**

7.1. Regular Meetings. The Board shall meet at least once a month from April through September inclusive, and at least three (3) meetings shall be held in the remaining months of each year at a date set by the Board of Directors. Board meetings shall be held at 9:00 a.m. in the clubhouse on the fourth Saturday of each month, subject to the President's discretion. Additionally, regular meetings of the Board of Directors may be held without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

7.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by a majority of the Board, or by the Secretary, after not less than three (3) days notice to each director. The notice may be verbal, in writing or by electronic mail. Notice may be waived by the Director by signing a waiver, either before or after the meeting, or by attendance at the meeting.

7.3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting, at which a quorum is present, shall be regarded as the act of the Board, unless the act of a greater number is required by the CC&R's, Articles of Incorporation, or these Bylaws.

7.4. Open meetings. Except as provided in this subsection, all regular meetings of the Board of Directors are open for observation by all Members of record and their authorized agents. The Board of Directors will keep minutes of all actions taken by the Board, which shall be available to all Members. Upon the affirmative vote in an open meeting to assemble in closed session, the Board of Directors 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 violation of the governing documents of the Association, preparation for upcoming meeting agendas, other significant decisions deemed necessary by the President and matters involving the possible liability of a Member of the Association. The motion will state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session are to be included in the minutes. The Board of Directors will 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 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. The requirements of this subsection do not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

**ARTICLE VIII. POWER AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

- 8.1. Powers. The Board of Directors shall have power to:
- 8.1.1. Obtain policies of insurance for Common Areas and Common Maintenance Areas including the Lodge.
  - 8.1.2. Obtain legal and accounting services if necessary to the administration of Association affairs, administration of the Common Areas and Common Maintenance Areas, including the Lodge, or the enforcement of the CC&R's and these Bylaws.
  - 8.1.3. Pay from Association funds, all costs of maintaining the Common Areas and Common Maintenance Areas, including the Lodge.
  - 8.1.4. If necessary, maintain any Lot if such maintenance is reasonably necessary in the judgment of the Board to (1) protect Common Maintenance Areas, or (2) to preserve the appearance and value of the Properties or Lot. The Board may authorize such maintenance activities if the Owner or Owners of the Lot have failed or refused to perform maintenance within a reasonable time after written notice of the necessity of such maintenance has been delivered by the Board to the Owner or Owners of such Lot, provided that the Board shall levy a special assessment against the Owner, or Owners of such Lot and the Lot for the cost of such maintenance.
  - 8.1.5. The Board may also pay any amount necessary to discharge any lien encumbrance levied against the entire Properties or any part thereof, which is claimed or may, in the opinion of the Board, constitute a lien against the Properties rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such liens, they shall be jointly and severally liable for the entire cost of discharging the lien(s) and all of any costs or expenses, including reasonable attorneys' fees and costs of title search incurred by the Board by reason of such lien or liens. Such fees and costs shall be assessed against the Owner or Owners and the Lot(s) responsible to the extent of their responsibility. This section shall not affect the right of any Owners, jointly and severally liable to the Association, to a right or contribution, from other Owners also jointly and severally liable under this Section, for sums paid to the Association under this Section.
  - 8.1.6. Pay all utility charges attributable to Common Areas and Common Maintenance Areas, including the Lodge.
  - 8.1.7. Pay all costs deemed appropriate by the Board to ensure adequate security for the Lots and Common Areas and Common Maintenance Areas, including the Lodge, constituting the residential community created on the Properties.
  - 8.1.8. Have the exclusive right to contract for goods, services, maintenance, and capital improvements provided, however, that such right of contact shall be subject to the provisions of this Declaration.
  - 8.1.9. Improve the Common Areas and Common Maintenance Areas, including the Lodge.
  - 8.1.10. Enter any Lot in the event of emergencies. In cases of emergencies, the Board, its agents or employees shall attempt to give notice to the Owner or occupant of any Lot, prior to such entry. In the event the Lot owner receives notice prior to an entry, the Lot owner or Member occupying the Lot has discretion to refuse to allow entry with the exception of a fire or other emergency endangering the other Lots and Association Members.
  - 8.1.11. Adopt and publish any rules and regulations governing the Members and their guests and establish penalties for any infraction thereof.

- 8.1.12. Declare the office of a Member of the Board to be vacant in the event that a Member of the Board is absent from three (3) consecutive regular meetings without approval by the Board. For purposes of this paragraph (7.1.12), "regular meetings" means those monthly meetings from April to September.
- 8.1.13. Employ a manager, as independent contractor, or such other employees as the Board deems necessary and describe the duties of such employees and fix the compensation thereof.
- 8.1.14. Pay for all goods and services required for the proper functioning of the Common Areas and Common Maintenance Areas, including the Lodge.
- 8.1.15. Impose annual and special assessments with approval of a majority vote by the Members.
- 8.1.16. Open bank accounts on behalf of the Association and designate the signatories required.
- 8.1.17. Exercise for the association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Bylaws, Articles or Incorporation, or this Declaration. The Board shall have all powers and authority permitted under this Declaration and the Bylaws. However, nothing herein contained shall be construed to give the Board authority to conduct a business for profit on behalf of all the Owners or any of them.
- 8.1.18. Adopt and publish rules and regulations governing the use of the Common Maintenance Areas and the Lodge, and the personal conduct of the Members and their guest thereon, and to establish penalties for the infractions thereof.
- 8.1.19. Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment or penalty levied by the Association. Voting rights may be suspended, without hearing, for the period the homeowner is out of compliance with any provision of the CC&R's. The homeowner will be notified that voting rights have been suspended for the period of non-compliance.
- 8.1.20. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and which are not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the CC&R's.
- 8.1.21. Within thirty days after 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 nor more than sixty days after mailing of the summary. Unless at that meeting, a majority of Owners in the Association 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.
- 8.2. Responsibilities. The Board of Directors shall have the responsibility to:
- 8.2.1. Enforce the provisions of the CC&R's and these Bylaws.
- 8.2.2. Cause to be kept a record of all the Associations' acts and corporate affairs, including, but not limited to, corporate finances.

8.2.3. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

8.2.4. As provided in the CC&R's, to:

8.2.4.1. Send written notices of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual due date.

8.2.4.2. Take any and all enforcement action deemed necessary to fulfill the objectives and provisions set forth in the CC&R's or the Bylaws, including but not limited to, restricting a Member's access to the Lodge and Lodge privileges for delinquent payment of dues and/or assessments or for other violations of the rules and regulations of Pineloch Sun Beach Club Inc.

8.2.4.3. Foreclose the lien against any property for which assessments or other charges are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obliged to pay the same.

8.2.4.4. Take such action, as the Board deems appropriate, to collect any other funds owed to the Association by Association Members or by third parties, including recording and foreclosing any liens upon Member's Lots for assessments or other charges due the Association, including foreclosure of assessments or liens placed on property for non-compliance with the CC&R's.

8.2.4.5. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate (receipt) setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

8.3. Standard of Care for Directors. A Director performs 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 Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

8.3.1. In performing the duties of a Director, a Director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by; (a) One or more officers or employees of the Association whom the Director believes to be reliable and competent in the matter presented; (b) Counsel, public accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or, (c) A committee of the Board upon which the Director does not serve, duly designated in accordance with a provision in the Articles of Incorporation or 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 therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted. This section does apply where the consequences of an act, omission, error, or negligence are covered by the insurance obtained by the Board.

8.3.2. If the statutory standard of care is, at any time, different than the standard of care set forth in these Bylaws, the Bylaws are deemed amended so that the standard of care is that standard set forth statutorily for non-profit corporations in the State of Washington.

8.4. Indemnification of Directors and Officers

8.4.1 Right of Indemnification. The Association indemnifies its Directors and Officers against all liability, damage, or expense resulting from the fact that such person is or was a Director or Officer, to the maximum ex-



tent and under all circumstances permitted by law. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article is not exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of the Owners, or vote of the disinterested Directors or otherwise.

8.4.2 Insurance. The Association may maintain insurance, at its expense, to protect itself and any Director, officer employee, or agent of the Association against any expense, liability, or loss, whether or not the Association would have the power to indemnify such person against such expense, liability, or loss under the Washington Nonprofit Corporation Act. The Association may enter into contracts with any Director or officer of the Association in furtherance of the provisions of this Article and may create a trust fund, grant a security interest, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

8.4.3 Advance Payment. The Association may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Association with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the Association or pursuant to rights granted pursuant to, or provided by, the Washington Nonprofit Act or otherwise.

#### **ARTICLE IX. OFFICERS AND THEIR DUTIES**

9.1. Enumeration of Offices. The officers of this Association, who will also serve as Directors of the Association, shall be a President, a Vice-President, a Secretary, a Treasurer, and others such Officers as the Board may, from time to time, create by resolution. By resolution, assistants may be appointed who are non-Members to assist the Treasurer and/or Secretary. The assistant's term will coincide with that of the officer and his or her duties will be determined by the Board.

9.2. Term. The Officers shall hold office for the duration of one (1) year, unless he or she sooner resigns, or shall be removed or otherwise be disqualified to serve. The term of the officer shall begin following the Annual Meeting. At that time, the Board of Directors shall elect a President, Vice-President, Secretary, and Treasurer from their number.

9.3. Meetings. The Officers and Board members shall conduct meetings, as needed to accomplish the business of the Association and duties of the Officers. Those meetings are generally held monthly April through September, and then three (3) additional times throughout the remaining months of each year, in addition to the Annual meeting held on the third Saturday of September of each year. The date and location of each meeting is within the discretion of the Officers and will be made available to the Association in regular notices in advance of the meeting.

9.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

9.5. Resignation and Removal. Any officer may be removed from office, with or without cause, by a five-sevenths (5/7) vote of the Board. Any officer may be removed from office with or without cause by a majority vote of the Members. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. In the event an officer is removed by vote of the by the Members, said officer will be automatically removed from his or her position on the Board, and a successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of the predecessor. If the officer is removed by

vote of the Board, then the Board shall call a special meeting, whereby the Members may elect by majority vote to remove the former officer from his or her position on the Board. In the event an officer resigns from office, said officer may remain on the Board. In the event the Board, by majority vote, determines the resignation was in avoidance of being removed, the Board shall call a special meeting, whereby the Members may elect by majority vote to remove the former officer from his or her position on the Board.

9.6. Vacancies. A vacancy in any office may be filled by appointment by the remaining officers. The officer appointed to such vacancy shall serve for the remainder of the term of the officer being replaced.

9.7. Multiple Offices. Any officer, other than the President, may occupy two (2) offices concurrently if the Board so desires.

9.8. Duties. The officers and their duties are:

9.8.1. President: The President shall prepare meeting and agenda; preside at all meetings of the Board of Directors and meetings of the membership; ensure appointment and supervision of all committees; ensure that orders and resolutions of the Board of Directors are carried out; sign all leases, mortgages, deeds and other written instruments; co-sign all checks and promissory notes; serve ex-officio on all committees except the nominating committee; exercise and discharge such other duties as may be required of the President by the Board of Directors.

9.8.2. Vice-President: The Vice-President shall act in the place of the President in the event of the President's absence, inability or refusal to act; coordinate the committees; exercise and discharge such other duties as may be required by the Board of Directors.

9.8.3. Secretary: The Secretary shall keep the minutes of all meetings and proceedings, including votes of the Board of Directors and the Members. Maintain records of such minutes and proceedings, including votes; keep the corporate seal, if any, of the Association and affix it on all documents requiring said seal; serve notice of meetings of the Board of Directors and the Members, and issue any other notices required by the Bylaws or as designated by the Board of Directors; perform such other duties as required by the Board of Directors; maintain and keep secure the official records of the Association, which shall be kept at the Association's primary place of business and in accordance with Article XI; record and date reports received by the committees, and further record what action, if any was taken on them. The reports shall be made part of the official records of the Association. The Secretary may prepare, execute, certify, and record amendments to the governing documents on behalf of the association.

9.8.4. Treasurer: The Treasurer may keep proper books of account; send notices of dues and assessments to Members; receive and deposit all cash receipts of the Association into appropriate bank accounts; monitor delinquent accounts and advise the Board of Directors on appropriate collection actions; disburse funds of the Association upon the presentation of properly rendered and approved vendor invoices or as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; arrange for an annual review of the Association's insurance coverage; present a preliminary for the upcoming year at the annual meeting of the Membership; prepare monthly Statement of Operations and Statements of Financial Position for presentation at Board of Directors meetings; cause an annual audit of the Association books to be made by a financial review committee from the Membership or a public accountant; prepare and send an annual Statement of Operations and a Statement of Financial Position to the Members; maintain a directory of the Members of the Association. The Treasurer, at least once annually, shall prepare, or cause to be prepared, a financial statement of the Association.

## ARTICLE X. COMMITTEES

10.1 The Association may appoint committees as provided in the Declaration and in these Bylaws. Nothing in these Bylaws prohibits the Board from determining a committee listed below is not necessary to the functioning of the Association. Thus, by majority vote, the Board may elect not to form or eliminate any committee other than the Architectural Committee and the Budget Committee.

10.2. Unless otherwise stated, each respective committee listed below may unanimously designate one or more of its members or a third party to act on behalf of the committee with respect to ministerial matters and discretionary judgments. The decisions of such individuals are subject to review by the entire committee. No member of any committee shall be entitled to any compensation for services performed on behalf of the committee. Committee members shall have no financial liability resulting from actions undertaken on behalf of the committee. Committee decisions shall be determined by a majority vote of members of each respective committee.

10.3. Architectural Control Committee ("ACC"). The Architectural Control Committee shall be designated by the Board and consist of not less than three (3) and not more than five (5) Members. The purpose of the ACC shall be to enforce the Covenants for the various divisions of Pineloch Sun Beach Club, Inc. An election to fill either a newly created position on the ACC or a vacancy on the ACC requires the vote of a majority of the entire Board. However, the Board is not obliged to fill a vacancy on the ACC unless the membership of the ACC numbers less than three (3) persons. Special preference will be given to Members who have a background as an architect or as a civil engineer.

10.4. Nominating Committee—As described in Article VI of these Bylaws.

10.5. Road and Water Committee ("RWC"). The President may appoint this committee of three (3) Members to supervise and direct, review and recommend procedures for the maintenance of the water system, swimming pool, and roads of the Association. The RWC shall maintain a file of current policies and procedures for proper maintenance of each said systems as well as a log in which improvements and repairs, dated, and authorized, shall be recorded.

10.6. Bylaw Committee. No less than three (3) and no more than five (5) Members shall be appointed by the President to insure that this Association follow its own basic rules.

10.7. Budget Committee. There shall be a Budget Committee. The membership of the Budget Committee may be composed of the Treasurer and three (3) other Members appointed by the President in February following the annual meeting. The duty of this committee shall be to prepare a budget for the next fiscal year beginning the first (1<sup>st</sup>) day of April and submit it to the Board at its regular meeting in June.

10.8. Social Committee. Three (3) Members may be appointed by the President to the Social Committee. The Social Committee shall plan and implement the social activities of the Association. There shall be a chairperson of this committee as designated by the President. The chairperson may from time to time name other Members to this committee as the need arises. The Social Committee may unanimously designate one or more of its members or a third party to act on behalf of the Social Committee with respect to ministerial matters and discretionary judgments. The decisions of such individuals are subject to review by the three (3) Members who were appointed by the President to the Social Committee, but not by those Members who may have been later added at the discretion of the chairperson. No Member of the Social Committee shall be entitled to any compensation for services performed on behalf of the Social Committee. Social Committee members shall have no financial liability resulting from Social Committee actions. Any Social Committee decisions shall be determined by a majority vote among the three (3) Members who were appointed by the President to the Social Committee.

10.9 Safety Committee. The President may appoint three (3) Members to work with the managers who will help provide protection and ensure security by securing devices to alert the membership against the danger of fires and other damages. It shall work to improve the quality of conditions in and surrounding Pineloch Sun Beach Club, Inc.

10.10. Special Finance Committee ("SFC"). Three (3) Members shall be appointed by the President for the purpose of preparing an annual fiscal audit. The fiscal year shall be from April 1 through, and including, March 31 of each and every year.

10.11. Ad Hoc Committees—As required to perform special projects. The Board may designate and form committees for a special project, to be known as a Special Project Committee ("SPC") or any other name the Board determines appropriate. A SPC is automatically disbanded once the special project is completed. For whatever reason, a SPC may be disbanded at any time by a majority vote of the Board.

#### **ARTICLE XI. BOOKS AND RECORDS**

The books, records and papers, excluding confidential voting ballots, of the Association shall at all times, during reasonable business hours, be available for inspection by any Member.

#### **ARTICLE XII. ASSESSMENTS, DUES, AND COLLECTION PROCEDURES**

12.1. Each Member is obligated to pay to the Association annual and special assessments, and other charges, fines, or penalties. The amount of the annual and special assessments is to be proposed by the Board and approved and voted on by the membership at the annual meeting. Special assessments may be proposed at a meeting specifically called for the purpose of membership voting on the special assessment. All such charges or fees are secured by a continuing lien upon the Property against which the assessment or other charge is made. Any assessments or other charges which are not paid within thirty (30) days after the due date may bear interest from the date of delinquency at the rate of 12 percent (12%) per annum and assessed up to an additional two hundred dollar (\$200.00) late fee per month while the assessments remains outstanding, furthermore, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment or other charges, by which the Owner shall be personally obligated to pay. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas and Common Maintenance Areas and the Lodge or abandonment of the Owner's Lot. Persons becoming Owners or Members after the levy of dues, assessments, or special assessments, whether by accepting a deed to or executing a contract to purchase a Lot to which unpaid dues, assessments, or special assessments, are allocated, shall become personally obligated to pay the same, including any costs, attorney's fees, and interest, all of which shall constitute a lien on the lot. Liens for delinquent assessments and other charges shall be recorded in the office of the Kittitas County Recorder.

12.1.2. In addition to any attorney's fees and costs recoverable in an action brought under this section of the Bylaws, the Association shall be entitled to recover any costs and reasonable attorney's fees incurred in connection with the enforcement of any provision in the Governing Documents, whether or not the enforcement activity results in suit being commenced or prosecuted to judgment.

12.1.3. Payment Plans. Nothing in Article XII or these Bylaws prohibits the Board from working out an acceptable payment plan with a Member who is late in dues or assessments due to special circumstances. The Member is responsible for providing the Board with a schedule of a payment plan which shall be provided at a regular meeting. Upon a two-thirds (2/3) majority vote by the Board, it may elect to take all or some of the following actions: accept or deny the Member's proposed schedule of payments, waive late fees, waive any accrued interest, and/or reduce the overall amount owed by the Member by twenty-five percent (25%). Any pay-

ment schedule or related action in this section requires a two-thirds (2/3) majority approval by the Board of Directors.

12.1.4. Fines. The Board may, after notice stating the violation and an opportunity to be heard by the Board or by a representative designated by the Board and in accordance with the procedures as may be provided in these Bylaws or by the rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule adopted by the Board and furnished to the Owners for violation of the Bylaws, rules, and regulations of the Association. A non-prevailing party is required to reimburse the Association for their costs, including reasonable attorney's fees, in connection with the matter. Fines shall not exceed the maximum amounts set forth in a fine schedule previously established by resolution of the Board, and published to all Owners. Fines shall constitute assessments secured by a lien upon the Lot belonging to the person against whom it was assessed and shall be collectible consistently with subsection 12.1.

12.2. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Properties and for the improvements and maintenance of the Common Areas and Common Maintenance Areas including the Lodge

12.3. The Board of Directors shall fix the annual assessment in accordance with the above recited standards with assessments made in September of each year and due no later than May 1 of each year. A statement of the annual dues shall be mailed to each Member at the Member's address on file with the Secretary by March twenty-fifth (25<sup>th</sup>) of each year.

12.4. The annual dues per lot shall be due and payable on the first (1<sup>st</sup>) day of April and delinquent on the first (1<sup>st</sup>) day of May of each year. Certified letters may be sent on the tenth (10<sup>th</sup>) day of May of each year to delinquent accounts with notification that legal action may be taken if no response is received in ten (10) days. On the first (1<sup>st</sup>) day of June, all unsettled accounts may be placed in the hands of an attorney for further action.

12.5. Wildwood Plat. Membership in the Association may be accepted for Owners Lots 1 through 36 of Wildwood Plat 1.. Said membership is described herein as a "Social Member" and subject to conditions and terms listed in these Bylaws, including the payment of special assessments related to: (a) Lodge privileges, (b) Lodge Membership, and (c) other operations, capital improvements, maintenance, or other acts and occurrences which are beneficial to Wildwood. Wildwood Lot Owners will be required to pay an initial membership fee and dues in the amount of one-half (1/2) as those paid by Members of Pineloch divisions I, II, and III. Recognition of a Social Membership is primarily for designating access to those Lot Owners of Wildwood as having Lodge privileges and Lodge membership. Lot Owners in the Wildwood Plat have the same voting privileges as those other Members of the Association.

### ARTICLE XIII. AMENDMENTS

13.1. These Bylaws may be amended by five (5) affirmative votes of the Board of Directors. When the Board seeks to amend these Bylaws, it must first provide thirty (30) days notice to the Members. The notice shall include (a) the current Bylaw provision(s) sought to be amended, and (b) the proposed language were the amendment voted upon and passed. Notice is sufficient if the conditions of this section have been met and said notice is mailed (by first class regular mail or through electronic means "email") to the address of the Member last appearing on the books of the Association or through an email address provided by the Member to the Association.

13.2. The Members shall have concurrent power to amend the Bylaws by a two-thirds (2/3) affirmative vote at the Annual or Special meeting of the Members. Member(s) who are delinquent in payment of any type of assessment or due are not allowed to vote. At least a quorum of Members must be present in person or by proxy. Proposed amendments must be submitted to the Board sixty (60) days in advance of the Annual or Special

meeting of the Members. The Board must then send a list of any proposed Bylaw changes to the membership thirty (30) days in advance of an Annual or Special Meeting.

13.2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the CC&R's and these Bylaws, the CC&R's shall control.

**ARTICLE XIV. MISCELLANEOUS**

The fiscal year of the Association shall begin on the first day of April and end on the 31st day of March of every year.

**ARTICLE XV. LIMITS ON DELEGATION OF USE**

Any Owner may delegate his or her right of enjoyment of Common Areas and Common Maintenance Areas to members of their immediate family, or to tenants and their immediate family living at the residence. However, for purposes in delegating these rights "Common Areas and Common Maintenance Areas" shall not include access to the Lodge or Lodge privileges. In the event an Owner rents or leases his Property, a copy of these Bylaws and the Declaration, as well as any rules or regulations that may be adopted by the Association, shall be made available by the Owner to the prospective renter at the time of commitment to the rental agreement. Each Owner shall also be responsible for informing guests and service personnel of the contents of these Bylaws and the Declaration, as well as any rules and regulations that may be adopted by the Association as they may relate to appropriate community behavior. Each Owner personally, and the Owner's Lot, shall be responsible for any damages to any Common Areas or Common Maintenance Areas (or any other areas maintained by the Association) or to any other Association property, whether real or personal, caused by an Owner's family, guest, tenant, agent, workman, contractor, or other licensee or invitee. The Association shall have a lien upon the Owner's Lot for the amount of damages, which shall be assessed or collected against the Owner or Owner's property as any other assessment.

**ARTICLE XVI. VENUE**

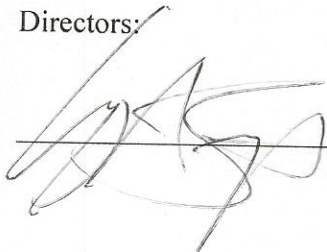
Venue, for purposes of these Bylaws, is Kittitas County, Washington

**ARTICLE XVII**

These Bylaws shall be effective from and after 2/20 2010 and shall remain in full force and effect until amended or rescinded. Such action to be recorded in the Secretary's minutes. These Bylaws supersede any prior Bylaws of this Association.

IN WITNESS THEREOF, we, being the Directors of Pineloch Sun Beach Club Homeowners' Association, have hereunto set our hands on the date(s) indicated below:

Directors:

  
\_\_\_\_\_

12-08-2012  
Date

[Signature]

12-8-12  
Date

[Signature]

12-8-12  
Date

[Signature]

12-8-12  
Date

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12-8-12  
Date

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12-8-12  
Date

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12-8-2012  
Date