

BYLAWS  
OF  
DECATUR NORTHWEST COMMUNITY ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the association is Decatur Northwest Community Association, hereinafter referred to as the "Association." The principal office of the Association is located at 608 35th Avenue, Seattle, Washington, but meetings of members and directors may be held at such places within the Counties of King or San Juan, State of Washington, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1: "Association" shall mean and refer to the Decatur Northwest Community Association, its successors and assignees.

Section 2: "Common Area" means all the real property, including easements, owned by the Association for the common use and enjoyment of the owners. The Common Area includes all real property contained within the boundaries of the Plat exclusive of the Parcels.

Section 3: "Common Property" is an inclusive term referring to all the real and personal property owned by the Association.

Section 4: "Decatur Northwest" means the real property described as The Decatur Northwest Plat, recorded in Volume \_\_\_\_\_, page \_\_\_\_\_, of Plats, San Juan County, State of Washington, and is sometimes also referred to herein as the "Property."

Section 5: "Declaration" means the Declaration of Covenants, Conditions, and Restrictions and Charges, Assessments, and Liens applicable to the Property and filed in the Office of the Auditor, San Juan County.

Section 6: "Grantor" means Orcatur Associates, a Washington general partnership, its successors, and assignees.

Section 7: "Member" shall mean and refer to a person entitled to membership as provided in the Articles of Incorporation and Bylaws of the Association.

Section 8: "Owner" means the recorded owner, whether one or more persons or entities, of fee simple title to any parcel, including Grantor and contract purchasers, but excluding any party holding an interest in the Property as security for the performance of an obligation.

Section 9: "Parcel" means each numbered lot shown upon the Decatur Northwest Plat recorded as described above.

Section 10: "Plat" is the recorded document setting forth the location of all Parcels, easements, and Common Property of Decatur Northwest and the San Juan County restrictions on development of the Property.

Section 11: "Rules" means the Decatur Northwest Community Association Rules adopted in accordance with these Bylaws.

### ARTICLE III

#### MEMBERSHIP AND VOTING

Section 1: Membership. Every person or entity who is a record owner of a fee or undivided fee interest in a Parcel which is subject by covenants of record to assessment by the Association, including contract purchasers, shall be a member of the Association. Membership in the Association shall automatically commence upon the commencement of ownership of a Parcel and shall automatically terminate upon the termination of such ownership.

Section 2: Voting Rights. Members of the Association shall have one vote for each Parcel they own irrespective of the number of Owners of such Parcel, except for those Parcels on which more than one residence is permitted under the Plat. For the multiple residence Parcels, there shall be one vote for each residence permitted on the Parcel.

Section 3: Multiple-Owner Voting. When a Parcel is owned by more than one person, the vote applicable to that Parcel shall be cast in accordance with the vote of the majority of Owners of the Parcel present at a meeting or the majority of all the Owners of the Parcel if a signature vote is required. The Owners of a Parcel may establish a different method of casting their vote by providing written instructions for casting their vote(s) signed by all the Owners to the Secretary of the Board of Directors of the Association.

Section 4: Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

#### ARTICLE IV

##### MEETING OF MEMBERS

Section 1: Annual Meetings. There shall be an annual meeting of the members of the Association held in November at a date, time, and place set by the Board of Directors.

Section 2: Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors and shall be called upon written request of the members who are entitled to vote one-eighth (1/8) of all of the votes of the membership. The Board of Directors shall set the time and place of special meetings, but a meeting called at the request of members shall be held not less than ten (10) nor more than thirty (30) days after the receipt of the written request therefor. No business shall be transacted at a special meeting except as stated in the notice given therefor unless consented to by the vote of two-thirds of the members present either in person or by proxy.

Section 3: Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary of the Association or the person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) nor more than thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of notice. 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. Notice of any regular or special meeting of the members may be waived orally or in writing at any time before, at or after such meeting. Attendance by a member at a meeting of the members shall be a waiver by such member of timely and adequate notice unless such member expressly challenges the notice when such meeting begins.

Section 4: Quorum. The presence at the meeting, in person or by proxy, of members entitled to cast one-tenth (1/10th) of the votes of the Association shall constitute a quorum for any

action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Except as otherwise provided by statute, the Declaration or these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is in attendance shall require the affirmative vote of at least fifty-one percent (51%) of the voting power present.

Section 5: Proxies. At all meetings of members, any member may vote in person or by proxy. Proxies shall be in writing signed by the member and filed with the Secretary. Every proxy shall be revocable at any time by the member giving it. Any designation of proxy must be signed by all owners of a Parcel; but where husband and wife are owners, the proxy need be signed by only one spouse unless the other spouse notifies the Secretary not to accept the proxy.

Section 6: Any action which might be validly adopted or undertaken at a regular or special meeting of the Association may validly be undertaken and approved by the members of the Association without a meeting by a consent in writing executed by members holding not less than sixty-five percent (65%) of the voting interest of all members, except that if a larger percentage of the voting interest is required pursuant to statute, the Declaration or these Bylaws, such larger percentage must execute the consent.

## ARTICLE V

### BOARD OF DIRECTORS

Section 1: Number. The business and affairs of the Association shall be managed and administered by a Board of three Directors.

Section 2: Voting. Each member of the Board shall have one vote.

Section 3: Compensation. No Director shall receive compensation for any service he/she may render to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his/her duties.

Section 4: Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent and approval of all the Directors. Any such action shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE VI

### GRANTOR SELECTION OF BOARD OF DIRECTORS

Section 1: Appointment. The Grantor shall appoint the members of the Board of Directors until such time as eighty percent (80%) of the Parcels within the Plat are sold, provided that the Grantor in its sole discretion may relinquish responsibility for appointing the Directors and call for an election by members of the Association to select the Directors at any time prior to the sale of eighty percent (80%) of the Parcels. Within thirty (30) days of the closing of the last sale making sales of eighty percent (80%) of the Parcels, or following a decision by the Grantor to relinquish control of the Association, the Grantor shall give written notice to each Parcel Owner that a meeting will be held to elect Directors. A majority of the eligible Parcel Owners voting at this special meeting may elect the new Board of Directors, notwithstanding other quorum requirements set forth in these Bylaws.

Section 2: Parcel Owner Appointment. One of the members of the Board of Directors appointed by the Grantor is to be a Parcel Owner with no personal or financial ties to the Grantor. This Director is to be appointed within ninety (90) days of the closing of the first sale.

Section 3: Terms and Removal. Each member of the Board of Directors appointed by the Grantor serves at the pleasure of the Grantor and may be removed and another appointed to the Board of Directors by the Grantor at any time.

## ARTICLE VII

### MEMBERSHIP ELECTION OF BOARD OF DIRECTORS

Section 1: Election. When the Association members become responsible for selecting the members of the Board of Directors as provided for in Article VI of the Bylaws, they shall be elected as provided in Article VI at a special meeting and thereafter at the annual membership meeting. At such elections there shall be no cumulative voting.

Section 2: Term of Office. The initial Directors elected at the special meeting called under Article VI shall serve until the next annual meeting of the Association. At the first annual meeting to elect the Board of Directors, one Director shall be elected for a one-year term, one Director for a two-year term, and one Director for a three-year term. At all future elections, Directors shall be elected for a term of three years.

Section 3: Removal. Any Director may be removed from the Board, with or without cause, by the vote or consent and approval of thirty percent (30%) of the members of the Association. In the event of death, resignation, or removal of a Director, his/her successor shall be selected by the remaining members of the Board and shall serve until a meeting of the Association members is called, at which meeting a new Director shall be elected for the unexpired term of his/her predecessor.

## ARTICLE VIII

### MEETINGS OF DIRECTORS

Section 1: Meeting Schedule. Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director, unless all are present or consent to the meeting's being so held.

Section 2: Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act of a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

Section 3: Open Meeting. Any member of the Association may attend any meeting of the Board of Directors, but shall not participate therein.

## ARTICLE IX

### POWERS OF THE BOARD OF DIRECTORS

Section 1: Powers. The Board of Directors shall have the power to exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provision of these Bylaws, the Articles of Incorporation or the Declaration, including but not limited to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction hereof;

(b) Suspend the voting rights and right to use of the facilities and transportation services of the Association of any member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended by the Board of Directors after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive meetings of the Board of Directors; and

(d) Employ a caretaker, independent contractors, or such other employees, agents and representatives as they deem necessary, and to prescribe their duties.

(e) Appoint such committees to fulfill such functions as it deems appropriate.

## ARTICLE X

### OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, who need not be members of the Association.

(a) President. The President shall preside at meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign leases, mortgages, deeds, and other written instruments; shall supervise the employees of the Association; and shall apply all regulations and policies between meetings of the Board of Directors.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him/her by the Board of Directors.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses and voting rights; and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association; shall sign all checks and promissory notes of the Association; shall keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members. The Treasurer may delegate any or all of these responsibilities to an employee of the Association with Board approval.

Furthermore until the Association is comprised solely of entities who have purchased lots in Decatur Northwest,

- (a) the Treasurer shall be an Owner of a Parcel who is not related to the developer of Decatur Northwest or a business associate of the developer or related to a business associate of the developer;
- (b) all assessments or charges, and any other sums paid by or on behalf of any Owner in addition to the purchase price of a Parcel for constructing, completing or maintaining improvements to Decatur Northwest, shall be received by the Treasurer in trust to be paid out or disbursed for the purpose for which the assessment or charge was levied or the sum paid;
- (c) the Treasurer shall keep such assessments or charges and sums separate from other funds of the Association and shall report to all Owners at least annually the balances, receipt, payment and location of all such assessments or charges and sums.

Section 2: Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors and thereafter annually following each annual meeting of the members.

Section 3: Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year and until his/her successor is elected and qualifies, unless he/she shall sooner resign, shall be removed, or shall otherwise become disqualified to serve.

Section 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.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice thereof 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.

Section 6. Vacancies. A vacancy in an office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces.

Section 7: Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

## ARTICLE XI

### DESIGN COMMITTEE

Section 1: Organization, Power of Appointment, Removal of Members. There shall be a Design Committee organized as follows:

(a) The Design Committee shall consist of at least three members. Each member shall hold office until he/she resigns, is removed or his/her successor has been appointed. No member of the Design Committee shall be required to be an Owner or a member of the Association.

(b) Appointments to the Design Committee shall be made by the Association's Board of Directors. Any member may be removed by the Board of Directors with or without cause.

Section 2: Duties. The Design Committee shall consider and act upon proposals or plans submitted to it and shall perform such other duties as may be provided in the Declaration and as are otherwise appropriate.

Section 3: Action, Compensation, Expenses. The vote or written consent of a majority of the Committee's members shall

constitute an action by the Design Committee. The Design Committee shall keep and maintain a record of all actions taken by the Design Committee at meetings or otherwise. Unless authorized by the Board of Directors, the members of the Design Committee shall not receive any compensation for services rendered.

Section 4: Rules. Determinations by the Design Committee shall be governed by and subject to the terms of the Design Rules attached to the Bylaws as Attachment A. Amendments to and modifications of the Design Rules require approval of the Board of Directors. Amendments shall not conflict with any provision of the Declaration, and shall not be effective until they are provided in writing to all Parcel Owners 15 days prior to the Board of Directors' acting upon them.

Section 5. Non-Waiver. Design Committee approval of any plans, drawings, or specifications shall not be a waiver of the right to withhold approval of any similar plan, drawing specification, or matter subsequently submitted for approval.

Section 6: Estoppel Certificates. Within 30 days after written demand is delivered to the Design Committee by any Parcel Owner, and upon payment to the Association of a reasonable fee fixed by the Association, the Design Committee shall prepare a letter executed by a majority of its members certifying as of the date of the certificate that all improvements and other work done on the Parcel by the Owner either comply or do not comply with the Design Rules. If the improvements or work do not comply, the certificate shall set forth with particularity the reason for non-compliance. Any purchaser from the Parcel Owner or mortgagee or other encumbrancer shall be entitled to rely on the certificate, and the certificate shall be conclusive as between the Association, Grantor, Owner, purchaser, mortgagee, or other encumbrancer.

Section 7: Liability. Neither the Design Committee nor any member shall be liable to the Association or to any Owner for any damage, loss, or prejudice due to approval or failure to approve any matters submitted to the Design Committee; provided that the members of the Design Committee acted in good faith in light of actual knowledge possessed by them.

## ARTICLE XII

### BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to



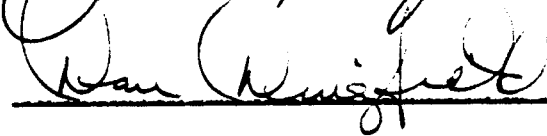
inspection by any member at the principal office of the Association. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation and end the following 31st day of December.

IN WITNESS WHEREOF, We, being all of the Directors of the Decatur Northwest Community Association, have hereunto set our hands this 18<sup>th</sup> day of February, 1983.

  
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ARTICLE XIV  
INDEMNIFICATION OF DIRECTORS AND OFFICERS  
BY-LAW PROVISION

Approved November 18, 1986

Section 1. Right to Indemnification.

Each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the full extent authorized by the Washington Nonprofit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), or by other applicable law as then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in paragraph (b) hereof with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Washington Nonprofit Act requires, the payment of such expenses incurred by a director or officer in his or her

capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise.

Section 2. Right of Claimant to Bring Suit.

If a claim under Section 1 of this Article is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty days, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Washington Nonprofit Corporation Act for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its members) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances set forth in the Washington Nonprofit Corporation Act nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its members) that the claimant has not met such applicable standard of conduct shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Nonexclusivity of Rights.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, by-law, agreement, vote of members or disinterested directors or otherwise.

Section 4. Insurance, Contracts and Funding.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Washington Nonprofit Corporation Act. The Corporation may enter into contracts with any director or officer of the Corporation 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.

Section 5. Indemnification of Employees and Agents of the Corporation.

The Corporation 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 corporation with the same scope and effect as the provisions of this Section with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.