

AFTER RECORDING, RETURN TO:

Quail Ridge Owners Association
c/o Crystal Lake Community Management, Inc.
PO Box 8550
Bend, Oregon 97708

MIS 20-275

CASCADE TITLE COMPANY

BYLAWS OF QUAIL RIDGE OWNERS ASSOCIATION

Reference Number(s) of Related Documents:

The Declaration of Protective Covenants, Conditions, Restrictions and Easements for Quail Ridge is being recorded concurrently with these Bylaws with the Benton County Auditor's Office.

Grantor(s): Pahlisch Homes at Horn Rapids Limited Partnership, an Oregon limited partnership

Grantee(s): Quail Ridge Owners Association

Legal Description (Abbreviated): Lots 1-36, QUAIL RIDGE, PHASE 1 & 2

City of Richland, County of Benton, Washington

Tax Parcel/Account Number(s): 1-2008-300-0009-009

AFTER RECORDING, RETURN TO:

Quail Ridge Owners Association
c/o Crystal Lake Community Management, Inc.
PO Box 8550
Bend, Oregon 97708

MIS 20-275

CASCADE TITLE COMPANY

BYLAWS OF QUAIL RIDGE OWNERS ASSOCIATION

Reference Number(s) of Related Documents:

The Declaration of Protective Covenants, Conditions, Restrictions and Easements for Quail Ridge is being recorded concurrently with these Bylaws with the Benton County Auditor's Office.

Grantor(s): Pahlisch Homes at Horn Rapids Limited Partnership, an Oregon limited partnership

Grantee(s): Quail Ridge Owners Association

Legal Description (Abbreviated): Lots 1-36, QUAIL RIDGE, PHASE 1 & 2

City of Richland, County of Benton, Washington

Tax Parcel/Account Number(s): 1-2008-300-0009-009

TABLE OF CONTENTS

	Page
Article 1 Definitions	1
1.1 Association.....	1
1.2 Articles of Incorporation.....	1
1.3 “Board of Directors” and “Board”	1
1.4 Declaration.....	1
1.5 Incorporation by Reference.....	1
Article 2 Membership	1
2.1 Membership.....	1
2.2 Membership List.....	1
Article 3 Meetings And Voting.....	1
3.1 Place of Meetings.....	1
3.2 Transition Meeting.....	1
3.3 Annual Meeting.....	2
3.4 Special Meetings.....	2
3.5 Notice of Meeting.....	2
3.6 Quorum.....	2
3.7 Voting Rights.....	2
3.8 Fiduciaries and Joint Owners.....	2
3.9 Tenants and Contract Vendors.....	3
3.10 Casting of Votes and Consents.....	3
3.11 Majority Vote.....	4
3.12 Rules of Order.....	4
Article 4 Directors: Management.....	4
4.1 Number and Qualification.....	4
4.2 Election and Tenure of Office.....	5
4.3 Vacancies.....	5
4.4 Removal of Directors.....	6
4.5 Powers.....	6
4.6 Meetings.....	8
4.7 Open Meetings.....	8
4.8 Notice of Meetings.....	9
4.9 Quorum and Vote.....	9
4.10 Deadlock Resolution.....	10
4.11 Right Of Declarant To Disapprove Actions.....	10
4.12 Liability.....	11
4.13 Compensation.....	11
4.14 Enforcement Procedures.....	11

Article 5 Officers 12

5.1	Designation and Qualification.	12
5.2	Election and Vacancies.	12
5.3	Removal and Resignation.	12
5.4	President.	13
5.5	Vice Presidents.	13
5.6	Secretary.	13
5.7	Treasurer.	13
5.8	Compensation of Officers.	13

Article 6 Executive And Other Committees13

Article 7 Assessments, Records And Reports.....14

7.1	Assessments.	14
7.2	Records.	15
7.3	Resale Certificates.	15
7.4	Inspection of Books and Records.	15
7.5	Payment of Vouchers.	16
7.6	Execution of Documents.	16
7.7	Reports and Audits.	16

Article 8 Insurance.....16

8.1	Types of Insurance.	16
8.2	Insurance by Unit Owners.	18
8.3	Insurance by Owners.....	18
8.4	Washington Uniform Common Interest Ownership Act Requirements.	18

Article 9 General Provisions.....19

9.1	Seal.....	19
9.2	Notice.....	19
9.3	Waiver of Notice.....	19
9.4	Action Without Meeting.....	19
9.5	Conflicts.....	19

Article 10 Amendments To Bylaws.....19

10.1	How Proposed.....	19
10.2	Adoption.	19
10.3	Execution and Recording.....	20

**BYLAWS OF
QUAIL RIDGE OWNERS ASSOCIATION**

**Article 1
DEFINITIONS**

1.1 **Association.** "Association" means QUAIL RIDGE OWNERS ASSOCIATION, a nonprofit corporation organized and existing under the laws of the State of Washington.

1.2 **Articles of Incorporation.** "Articles of Incorporation" means the Articles of Incorporation of the Association.

1.3 **"Board of Directors"** and **"Board"** mean the board of directors of the Association.

1.4 **Declaration.** The "Declaration" means the Declaration of Protective Covenants, Conditions, Restrictions and Easements for Quail Ridge, which were recorded the same day as these Bylaws (the "Bylaws") in the Benton County, Washington Auditor's Office, as the same may be subsequently amended or supplemented pursuant to the terms thereof.

1.5 **Incorporation by Reference.** Except as otherwise provided herein, the terms, which are defined in Article 1 of the Declaration, are used in these Bylaws as therein defined.

**Article 2
MEMBERSHIP**

2.1 **Membership.** Every Owner of one or more Units within the Property, immediately upon creation of the Association and thereafter during the entire period of such ownership, is a member of the Association. Such membership commences, exists, and continues simply by virtue of such ownership, and expires automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

2.2 **Membership List.** The Secretary will maintain at the principal office of the Association a membership list showing the name and address of the Owner of each Unit. The Secretary may accept as satisfactory proof of such ownership a duly executed and acknowledged conveyance, a title insurance policy, or other evidence reasonably acceptable to the Board of Directors.

**Article 3
MEETINGS AND VOTING**

3.1 **Place of Meetings.** Meetings of the members of the Association will be held at a place reasonably convenient to the members that will be designated in the notice of the meeting, as chosen by the Board of Directors from time to time.

3.2 **Transition Meeting.** Declarant must call the Transition Meeting as required under the Act. Notice of such meeting will be given to all Owners as provided in Section 3.5 or as otherwise required under the Act. If a quorum of the Owners is present, the Owners will elect not fewer than the number of directors sufficient to constitute a quorum of the Board of Directors. If the Declarant

fails to call the meeting, the meeting may be called and notice given by any Owner or mortgagee of a Unit. The expense of giving notice will be paid or reimbursed by the Association. Unless otherwise required by the Act, in the event of lack of quorum at the Transition Meeting, it may be adjourned to the time of the first annual meeting. Nothing in this section may be construed as preventing the Declarant from calling the Transition Meeting prior to such date, or from calling informal, informational meetings of the Owners.

3.3 **Annual Meeting.** The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting will be held at such reasonable hour and on such reasonable day as the President of the Board of Directors may designate, or if the President fails to designate a date by the first day of September, then at 7:30 p.m. on the second Thursday in October. The first annual meeting must be held within one year from the date of the Transition Meeting.

3.4 **Special Meetings.** A special meeting of the Association may be called at any time by the President or Secretary, or by a majority of the Board of Directors. A special meeting will be called upon receipt of a written request stating the purpose of the meeting from members having 10 percent of the voting rights entitled to be cast at such meeting. Business transacted at a special meeting will be confined to the purposes stated in the notice of the meeting.

3.5 **Notice of Meeting.**

(a) Written or printed notice stating the time, date and place of each annual and special meeting of the Association, the items on the agenda, including the text of any proposed amendment to the Declaration or these Bylaws, any changes in the previously approved budget that result in a change in the assessment obligations, and any proposal to remove a director, will be delivered not less than 14 nor more than 50 days before the date of the meeting. Such notice may be given in any manner required or permitted under the Act, this Declaration, and the organizational documents of the Association. If the meeting is called to deal with an emergency, the minimum time set forth in this section for providing the notice may be reduced or waived.

(b) During the Development Period, notices of meetings (including agendas) must also be given to Declarant in the same manner as given to Owners, and Declarant or representatives of Declarant are entitled to attend such meetings during that period.

3.6 **Quorum.** At any meeting of the Association, members having at least 20 percent of the voting rights entitled to be cast at such meeting, present in person, or by proxy, or who have voted by duly issued absentee ballot constitutes a quorum, except when a larger quorum is required by the Declaration. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members.

3.7 **Voting Rights.** The Association has one class of voting membership and the voting power of an Owner is in accordance with the Allocated Interests of an Owner's Unit(s) as set forth in Section 2.2 of the Declaration.

3.8 **Fiduciaries and Joint Owners.** An attorney in fact, executor, administrator, guardian, conservator, or trustee may vote or grant consent with respect to any Unit owned or held in a fiduciary capacity, whether or not the specific right has been transferred to his or her name; provided

that, if requested, such Person must satisfy the Secretary that he or she is the executor, administrator, guardian, conservator or trustee, holding the Unit in such capacity. Whenever any Unit is owned by two or more Persons jointly, according to the records of the Association, the vote of such Unit may be exercised by any one of the Owners, in the absence of protest by a co-Owner made promptly to the person presiding over the meeting. In the event of disagreement among the co-Owners, the vote of such Unit will be disregarded completely in determining the proportion of votes given with respect to such matter, unless a valid court order establishes the authority of a co-Owner to vote.

3.9 Tenants and Contract Vendors. Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a Unit are exercised by the Owner. If a rental agreement or lease specifies that the lessee is entitled to vote on any matters at a meeting of the Association, notice of the meeting must still be given to the Owner in accordance with these Bylaws and the Act. Unless otherwise stated in the contract, all voting rights allocated to a Unit will be exercised by the vendee of any recorded land sale contract on the Unit.

3.10 Casting of Votes and Consents. The voting rights or consent of an Owner may be cast in person at a meeting of the Association or, at the discretion of the Board of Directors, by proxy in accordance with paragraph (a) of this Section, by absentee ballot in accordance with paragraph (b) of this Section, by written ballot in accordance with paragraph (c) of this Section, or by any other method specified in the Declaration, these Bylaws, or the Act. For votes conducted at a meeting of the Association, Owners or their proxies who are present in person may vote by voice vote, show of hands, standing, written ballot, or any other method for determining the votes of Owners, as designated by the person presiding at the meeting. In any vote of the Owners, votes allocated to a Unit owned by the Association must be cast in the same proportion as the votes cast on the matter by Owners other than the Association.

(a) **Proxies.** An Owner's vote may be cast by proxy pursuant to a directed or undirected proxy duly executed by the Owner in the same manner as provided in RCW 24.06.110. A proxy is not valid if it is undated or purports to be revocable without notice and terminates eleven months after its date unless otherwise stated in the proxy. The Board of Directors may not require that a proxy be on a form prescribed by the Board. An Owner may not revoke a proxy given pursuant to this paragraph except by actual notice of revocation to the Secretary or the person presiding over a meeting of the Association or by delivery of a subsequent proxy. The death or disability of an Owner does not revoke a proxy given by the Owner unless the person presiding over the meeting has actual notice of the death or disability. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A copy of a proxy in compliance with this paragraph provided to the Association by facsimile, electronic mail or other means of electronic communication utilized by the Board is valid.

(b) **Absentee Ballots.** An absentee ballot, if authorized by the Board of Directors, will set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by absentee ballot must include instructions for delivery of the completed absentee ballot, including the delivery location and instructions about whether the ballot may be canceled if the ballot has been delivered according to the instructions. An absentee ballot will be counted as an Owner present for the establishing a quorum. Even if an absentee ballot has been delivered to an Owner, the Owner may vote in person at a meeting if the Owner has returned the absentee ballot and canceled the absentee ballot, if cancellation is permitted in the instructions given under this paragraph.

(c) **Ballot Meetings.** At the discretion of the Board of Directors, any action that may be taken at any annual, regular, or special meeting of the Association may be taken without a meeting by written ballot to the extent and in the manner provided in the Act.

(d) **Electronic Ballots.** To the extent authorized by the Board of Directors and permitted by the Act, any vote, approval, or consent of an Owner may be given by electronic ballot.

(e) **Mortgages.** An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such a case, the Mortgagee or its designated representative will be entitled to receive all notices to which the Owner is entitled under these Bylaws and to exercise the Owner's voting rights from and after the time that the Mortgagee has given written notice of such pledge or assignment to the Board of Directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

3.11 **Majority Vote.** The vote of a majority of the voting rights entitled to be cast by the members present or represented by absentee ballot or proxy, at a meeting at which a quorum is present, will be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by the Act, by the Declaration, by the Articles of Incorporation, or by these Bylaws.

3.12 **Rules of Order.** Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Association are to be conducted according to the latest edition of *Robert's Rules of Order*, published by Robert's Rules Association.

Article 4 DIRECTORS: MANAGEMENT

4.1 **Number and Qualification.** The powers and duties of the Association and the affairs of the Association will be conducted by its Board of Directors duly appointed or elected as provided in this section, except to the extent that a vote of the members is required by this Declaration or the Bylaws.

(a) **Initial Board.** Upon incorporation of the Association and until the election required under Section 4.1(b) below, the Board will be composed of at least one and not more than three directors, all of whom will be appointed by Declarant. Upon the recording of the Declaration, Declarant will appoint the interim directors, who will serve until replaced by Declarant or until their successors have been replaced by the Owners as provided in Sections 4.1(c) and 4.1(d) below.

(b) **When 25% of the Maximum Number of Units that may be Created Have Sold.** Within 60 days after 25 percent of the maximum number of Units that may be created in Quail Ridge have been Sold and conveyed to owners other than a successor declarant, as defined in the Act, the Board of Directors will be composed of three directors, two of whom will be appointed by Declarant and one of whom will be elected by the Members. By such date, the Board must call a meeting of the Association for the purpose of conducting an election for the third Board member. Upon the election of a director by the Members, the Declarant will cause one of the interim directors to resign.

(c) **When 50% of the Maximum Number of Units that may be Created Have Been Sold.** Within 60 days after 50 percent of the maximum number of Units that may be created in Quail Ridge have been Sold and conveyed to owners other than a declarant, as defined in the Act, the Board of Directors will be expanded to five directors, three of whom will be appointed by Declarant and two of whom will be elected by the Owners other than Declarant. By such date, Declarant must appoint three directors and the Board must call a meeting of the Association for the purpose of the election of two directors by the Owners other than Declarant.

(d) **Board Meetings Prior to Transition; Transition Meeting.** Before the Transition Meeting, the Board must meet at least four times in any calendar year. The Declarant will call a Transition Meeting, at which time Declarant will turn over administrative control of the Association to the Owners. Commencing with the Transition Meeting, the regular Board of Directors will be composed of five directors, all of whom will be elected by Unit Owners, including Declarant who may exercise Declarant's voting rights for Units Declarant owns.

(e) **Qualification of Directors.** At least four of the directors, other than interim directors appointed by Declarant, must be Owners or co-Owners of Units. For purposes of this section, an officer, employee, or agent of a corporation, a member, manager, employee, or agent of a limited liability company, or a partner, employee or agent of a partnership may serve on the Board if such corporation, limited liability company, or partnership is an Owner or co-Owner of a Unit. In addition, a trustee may serve on the Board if the trustee holds legal title to a Unit for the benefit of the owner of the beneficial interest in the Unit; and an executor, administrator, guardian, conservator or other individual appointed by a court to serve in a fiduciary capacity for an Owner of a Unit, or an officer or employee of an entity if an entity is appointed, may serve on the Board.

4.2 Election and Tenure of Office.

(a) At the Transition Meeting described in Section 3.2, the interim directors will resign and the members will elect two directors to serve for one year and three directors to serve for two years. The three nominees receiving the greatest number of votes serve for the two year terms. In the event of a tie, term selection will be by random means. Thereafter the successors to each director serve for terms of two years each.

(b) Upon a majority vote of the voting rights entitled to be cast by the members present or represented by absentee ballot or proxy at a meeting or ballot meeting at which a quorum is present, the Board of Directors may be increased from five directors to seven directors. At the next annual meeting or a special meeting called for this purpose, two additional directors may be elected, one to serve for a two year term and one to serve for a one year term. Term selection will be in the same manner as provided in paragraph (a) above.

(c) All directors hold office until their respective successors have been elected by the members. Election is by plurality.

4.3 Vacancies.

(a) A vacancy in the Board of Directors exists upon the death, resignation, or removal of any director, or if the authorized number of directors is duly increased, or if the members

fail at any annual or special meeting of members at which any director or directors are to be elected to elect the full authorized number of directors to be voted for at that meeting.

(b) Vacancies in the Board of Directors caused by any reason, other than the removal of a director by a vote of the Association will be filled the vote of a majority of the remaining directors even though less than a quorum, or by a sole remaining director. Each director so elected holds office until the next annual meeting of the Association or the next special meeting of the Association called for that purpose. Vacancies in interim directors are filled by Declarant.

4.4 Removal of Directors. After the Transition Meeting has occurred, at any duly called meeting of the Association at which a quorum of Owners is present in person, by proxy or by absentee ballot, any one or more of the directors may be removed with or without cause if the number of votes in favor of removal cast by Owners entitled to vote for election of the director proposed to be removed is at least the lesser of (a) a majority of the votes in the Association held by such Owners, or (b) two-thirds of the votes cast by such Owners at the meeting. At any meeting at which a director is removed, the Owners may immediately elect a successor to fill the vacancy thus created. The notice of any such meeting must state that such removal is to be considered, and any director whose removal has been proposed must be given a reasonable opportunity to speak before the vote. The Board may, without a vote of the Owners, remove from the Board a director if (i) the director is delinquent in the payment of assessments more than 60 days, and (ii) the director has not cured the delinquency within 30 days after receiving notice of the Board's intent to remove the director.

4.5 Powers. The Board of Directors has all the powers and duties necessary for the administration of the affairs of the Association except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Owners. The Board of Directors may delegate responsibilities to committees or a managing agent but will retain ultimate control and supervision. The powers and duties to be exercised by the Board of Directors include, but not be limited to those powers and duties the Board of Directors is required or permitted to exercise under the Act, subject to any limitations set forth in the Declaration or these Bylaws. The power and duties of the Board of Directors includes, but is not limited to, those set forth in Section 8.3 of the Declaration and the following:

(a) Carrying out the program for maintenance, upkeep, repair, and replacement of any property required to be maintained by the Association as described in the Declaration and these Bylaws.

(b) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Preparation of a budget for the Association, and assessment and collection of the Assessments.

(d) Employment and dismissal of such personnel as necessary for such maintenance, upkeep, and repair.

(e) Employment of legal, accounting, or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however that the Association must comply with chapter RCW 64.50 in

connection with construction defects. The Board must promptly notify the Owners of any legal proceeding in which the Association is a party other than proceedings involving enforcement of rules or to recover unpaid assessments or other sums due to the Association. Regarding any pending litigation involving the Association, the Board will periodically report to the Unit Owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph may be construed as requiring the Board to disclose any privileged communication between the Association and its counsel.

(f) Borrow and repay moneys for the purpose of performing its duties under this Declaration, subject to ratification by the Unit Owners pursuant to RCW 64.90.405(4) when assigning the Association's right to receive future Assessments, and subject to Section 4.4(d) of the Declaration, when encumbering the Common Elements as security for the repayment of such borrowed money.

(g) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(h) Preparing or causing to be prepared and filed any required income tax returns or forms for the Association.

(i) Purchasing Units at foreclosure or other judicial sales in the name of the Association, or its designee.

(j) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with Units acquired by the Association or its designee.

(k) Obtaining such insurance or bonds pursuant to the provisions of these Bylaws and reviewing such insurance coverage at least annually.

(l) Making additions and improvements to, or alterations of, the Common Elements, or modify, close, remove, eliminate or discontinue use of any common facility, including any improvement or landscaping, except that any such modification, closure, removal, elimination or discontinuance other than on a temporary basis of any swimming pool, spa, or recreational or community building must be approved by a majority vote of the members at a meeting or written ballot held or conducted in accordance with these Bylaws.

(m) From time to time adopting, modifying, or revoking such Rules and Regulations governing the details for the operation of the Association, the conduct of Persons, and the operation and use of the Units and Common Elements as the Board of Directors may deem necessary or appropriate to ensure the peaceful and orderly use and enjoyment of the Property. Such action may be overruled or modified by vote of not less than 75 percent of the voting rights of members present, in person or by proxy, at any meeting, the notice of which must have stated that such modification or revocation of Rules and Regulations will be under consideration.

(n) Enforcement by legal means of the provisions of the Declaration, these Bylaws, and any rules and regulations adopted under these Bylaws or the Declaration.

(o) In the name of the Association, maintain a current mailing address of the Association, file annual reports with the Washington Secretary of State, and maintain and keep current

the information required to enable the Association to comply with the Association's obligations to provide resale certificates.

(p) Subject to Section 8.7 of the Declaration, enter into management agreements with professional management firms and other contracts.

4.6 Meetings.

(a) Prior to the Transition Meeting, the Board of Directors must meet at least four times a year. One of those meetings must be held at Quail Ridge or at a place convenient to the Community.

(b) After the Transition Meeting, meetings of the Board of Directors must be held at Quail Ridge or at a place convenient to the Community, unless the Owners amend these Bylaws to vary the location of the meetings.

(c) Annual meetings of the Board of Directors must be held within 30 days following the adjournment of the annual meetings of the members.

(d) Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or by any two directors.

(e) Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Board of Directors will be conducted according to the latest edition of *Robert's Rules of Order*, published by Robert's Rules Association.

4.7 Open Meetings. All meetings of the Board of Directors and committees authorized to act for the Board of Directors must be open to Owners except that, in the discretion of the Board or such committees, the following matters may be considered in executive session: (i) consultation with the Association's attorney concerning legal matters; (ii) discussion of existing or potential litigation or mediation, arbitration or administrative proceedings; (iii) discussion of labor or personnel matters; (iv) discussion of contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; or (v) preventing public knowledge of the matter to be discussed if the Board or committee determines that public knowledge would violate the privacy of any person. The Board and such committees may hold an executive session only during a regular or special meeting of the Board or committee. A final vote or action may not be taken during executive session. A statement, motion or decision to meet in the executive session must be included in the minutes of the meeting, and any contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which is reasonably identified in the open meeting and included in the minutes.

(a) At each Board meeting, the Board must provide a reasonable opportunity for the Owners to comment regarding matters affecting Quail Ridge and the Association.

(b) Fewer than all Board members may participate in a regular or special meeting by or conduct a meeting using any means of communication by which all Board members participating

can hear each other during the meeting. The Board may meet by participation of all Board members by telephonic, video, or other conferencing process if: (i) the meeting notice states the conferencing process to be used and provides information explaining how Owners may participate in the conference directly or by meeting at a central location or conference connection; and (ii) the process provides all Owners the opportunity to hear or perceive the discussion and a reasonable opportunity to comment regarding matters affecting Quail Ridge and the Association.

(c) Board members may not use incidental or social gatherings to evade the open meeting requirements of the Act or these Bylaws.

(d) The Board may expel or prohibit attendance by any Person who, after warning by the chair of the meeting, disrupts the meeting.

4.8 Notice of Meetings.

(a) Unless the meeting is included in a schedule given to Owners or the meeting is called to deal with an emergency, notice of Board of Directors meetings must be given to each director and to the Owners at least 14 days prior to the meeting. The notice must state the time, date, place, and agenda of the meeting. If any materials are distributed to the Board of Directors before the meeting, copies of those materials, other than unapproved minutes and materials to be considered in executive session, must be made reasonably available to the Owners. During the Development Period, notices of meetings (including agendas) must also be given to Declarant in the same manner as given to the directors, and materials distributed to the Board of Directors that are required to be made reasonably available to the Owners must also be made reasonably available to the Declarant.

(b) Attendance of a director at a meeting constitutes a waiver of notice of such meeting except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.9 Quorum and Vote.

(a) Each director has one vote in the affairs of the Board of Directors. A majority of the directors constitutes a quorum for the transaction of general business of the Board of Directors. A minority of the directors, in the absence of a quorum, may adjourn from time to time but may not transact any business.

(b) The action of a majority of the directors present at any meeting at which there is a quorum is the act of the Board of Directors unless a greater number is required by law, the Declaration, the Articles of Incorporation, or these Bylaws.

(c) A director who is present at a meeting of the Board of Directors at which action is taken on any Association matter is presumed to have assented to the action unless the director's dissent or abstention to such action is lodged with the person acting as the secretary of the meeting before adjournment of the meeting or is provided in a Record to the Secretary of the Association immediately after adjournment of the meeting. The right to dissent or abstain does not apply to a director who voted in favor of such action at the meeting. When action is taken on any matter at a meeting of the Board, the vote or abstention of each director present will be recorded in

the minutes of the meeting. Directors may not vote by proxy or absentee ballot or by secret ballot, except that officers may be elected by secret ballot.

4.10 Deadlock Resolution. If the Board of Directors is deadlocked on any matter properly before the Board in accordance with these Bylaws, and the matter cannot be settled through direct discussions, the Board will resolve the matter by mediation within 10 business days following the date of the meeting. The mediation will be held in Benton County, Washington by a mediator selected by the Board, or at another location mutually agreed upon by the parties. If the Board cannot agree upon a mediator, then one will be selected through the process provided by a recognized mediation service designated by the first director who notifies the others of the mediation service selected. Thereafter, if the matter cannot be resolved by mediation, the matter will be resolved by arbitration as provided in Article 12 of the Declaration.

4.11 Right Of Declarant To Disapprove Actions. So long as Declarant or any affiliate of Declarant owns any property within Quail Ridge, directly or indirectly, in whole or in part, Declarant has a right to disapprove any action, policy, or program of the Association, the Board of Directors and any committee which, in the sole judgment of the Declarant, would tend to impair or diminish the rights of Declarant or builders under the Declaration or these Bylaws, or interfere with development, construction, or marketing of any portion of the Property, or diminish the level of services being provided by the Association to the Units or Unit Owners. This right to disapprove is in addition to, and not in lieu of, any right to approve or disapprove specific actions of the Association, the Board, or any committee that may be granted to the Declarant in the Declaration or these Bylaws.

(a) The Declarant must be given written notice of all meetings of the Association, the Board of Directors, or any Board committee and of all proposed actions of the Association in respect of actions set forth above, the Board, or any Board committee to be approved at such meetings, or by written request in lieu of a meeting. Such notice must be given in the same manner as notice to member at the address Declarant has registered with the Secretary of the Association, which notice complies with the requirements for Board meetings set forth in these Bylaws and which notice must, except in the case of the regular meetings held pursuant to the Bylaws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) The Declarant must be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Declarant, its representatives or agents may make its concerns, thoughts, and suggestions known to the Board of Directors or the members of the subject committee.

(c) No action, policy or program subject to the right of disapproval set forth in these Bylaws become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met and the period of time set forth in subsection (d) below has expired.

(d) The Declarant, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions, but does not include a right to require any action or counteraction on behalf of any committee, the Board of Directors or the Association unless

such action or counteraction countermands an action, policy or program that was not properly noticed and implemented. The Declarant will not use its right to disapprove to reduce the level of services that the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

4.12 **Liability.** No member of the Board of Directors, officer of the Association, or member of the Architectural Review Committee or any other committee established by the Board will be liable to the Association, any Owner, or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, so long as the individual acted in good faith, believed the conduct was in the best interest of the Association, or at least was not opposed to its best interest, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. If any member of the Board of Directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association will defend such individuals against such claims and indemnify such individual against liability and expenses incurred to the maximum extent permitted by law. The managing agent of the Association, and its officers and employees, will not be liable to the Owners or any third parties on account of any action or failure to act in the performance of its duties as managing agent, except for acts of gross negligence or intentional acts, and the Association will indemnify the managing agent and its officers and employees from any such claims, other than for gross negligence or intentional misconduct.

4.13 **Compensation.** No director may receive any compensation from the Association for acting as a director.

4.14 **Enforcement Procedures.** The Association has the power, as provided in the Declaration, to impose sanctions for any violation of the Declaration, these Bylaws or the Rules and Regulations. To the extent specifically required by the Declaration, the Board of Directors must comply with the following procedures prior to the imposition of sanctions:

(a) **Notice.** The Board of Directors or its delegate must serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a statement that the alleged violator will have 14 days to present a written request for a hearing before the Board; and (iv) a statement that the proposed sanction may be imposed as contained in the notice unless a hearing is requested within 14 days of the notice.

(b) **Response.** The alleged violator must respond to the notice of the alleged violation in writing within such 14-day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction. If the alleged violator cures the alleged violation and notifies the Board of Directors in writing within such 14-day period the Board may, but is not obligated to, waive the sanction. Such waiver does not constitute a waiver of the right to sanction future violations of the same or other provisions by any Person. If a timely request for a hearing is not made, the sanction stated in the notice will be imposed; however, the Board may, but is not obligated to, suspend any proposed sanction if the violation is cured within the 14-day period. Any response or request for a hearing will be delivered to the Association's manager, President, or Secretary, or as otherwise specified in the notice of violation.

(c) **Proof of Notice.** Prior to the effectiveness of sanctions imposed pursuant to this section, proof of proper notice must be placed in the minutes of the Board of Directors. Such

proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement will be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

(d) **Hearing.** If a hearing is requested within the allotted 14-day period, the hearing will be held before the Board of Directors. The alleged violator will be afforded a reasonable opportunity to be heard. The minutes of the meeting must contain a written statement of the results of the hearing (i.e., the decision) and the sanction, if any, to be imposed.

(e) **Appeal.** Following a hearing before the Covenants Committee, if applicable, the violator must have the right to appeal the decision to the Board of Directors. To exercise this right, the violator must deliver a written notice of appeal to the Association's manager, President or Secretary within 10 days after the hearing date.

(f) **Enforcement Policies.** The Board of Directors, by resolution, may adopt additional policies and procedures governing enforcement of the Declaration, these Bylaws, or the Rules and Regulations.

Article 5 OFFICERS

5.1 **Designation and Qualification.** The officers of the Association are the President, the Secretary, and the Treasurer, and any Vice Presidents and subordinate officers the Board of Directors may from time to time appoint. The President must be a member of the Board of Directors, but the other officers need not be directors. Officers other than the President need not be members of the Association. Any two offices may be held by the same person except the offices of President and Secretary.

5.2 **Election and Vacancies.** The officers of the Association will be elected annually by the Board of Directors at the organization meeting of each new Board to serve for one year and until their respective successors are elected. If any office becomes vacant by reason of death, resignation, removal, disqualification or any other cause, the Board of Directors will elect a successor to fill the unexpired term at any meeting of the Board of Directors.

5.3 Removal and Resignation.

(a) Any officer may be removed upon the affirmative vote of a majority of the directors, with or without cause, whenever in their judgment the best interests of the Association will be served thereby. The removal of an officer must be without prejudice to the contract rights, if any, of the officer so removed.

(b) Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Association. Any such resignation will take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation is not necessary to make it effective, but the Board of Directors may reject any post-dated resignation by notice in writing to the resigning officer. The effectiveness

of such resignation will not prejudice the contract rights, if any, of the Association against the officer so resigning.

5.4 **President.** The President is the chief executive officer of the Association and , subject to the control of the Board of Directors, have general supervision, direction, and control of the business and affairs of the Association. The President presides at all meetings of the members and of the Board of Directors. He or she is an ex officio a member of all the standing committees, including the executive committee, if any. The President has the general powers and duties of management usually vested in the office of president of a nonprofit corporation and such other powers and duties prescribed by the Board of Directors or these Bylaws.

5.5 **Vice Presidents.** The Vice President, if any, performs the duties the Board of Directors prescribes. In the absence or disability of the President, the President's duties and powers will be performed and exercised by the Senior Vice President as designated by the Board of Directors.

5.6 **Secretary.**

(a) The Secretary keeps or causes to be kept a Book of Minutes of all meetings of directors and members showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the notice given, the names of those present at directors' meetings, the number of memberships present or represented at members' meetings, and the proceedings thereof.

(b) The Secretary gives or causes to be given such notice of the meetings of the members and of the Board of Directors as is required by these Bylaws or by law. The Secretary keeps the seal of the Association, if any, and affix it to all documents requiring a seal, and other powers and performs other duties prescribed by the Board of Directors or these Bylaws.

(c) If there is no Vice President, then in the absence or disability of the President, the President's duties and powers are to be performed and exercised by the Secretary.

5.7 **Treasurer.** The Treasurer keeps and maintains, or causes to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, and disbursements. The books of accounts at all reasonable times must be open to inspection by any director. The Treasurer will deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer disburses or causes to be disbursed the funds of the Association as may be ordered by the Board, renders to the President and directors, whenever they request it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Association, and will have other powers and perform other duties prescribed by the Board or these Bylaws.

5.8 **Compensation of Officers.** No officer who is a member of the Board of Directors may receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the members. The Board of Directors may fix any compensation to be paid to other officers.

Article 6 EXECUTIVE AND OTHER COMMITTEES

Subject to law, the provisions of the Declaration, the Articles of Incorporation, and these Bylaws, the Board of Directors, by a vote of a majority of the directors in office, may appoint an executive committee and such other standing or temporary committees as may be necessary from time to time, consisting of not less than one of the directors in office and having such powers as the Board of Directors may designate. Such committees hold office at the pleasure of the Board.

Article 7

ASSESSMENTS, RECORDS AND REPORTS

7.1 **Assessments.** As provided in the Declaration, the Association, through its Board of Directors, must do the following:

(a) Assess and collect from every Owner Assessments in the manner described in the Declaration.

(b) Keep all funds received by the Association as Assessments, other than reserves described in Section 10.21 of the Declaration, in the Operations Fund, and keep all reserves collected pursuant to Section 10.21 of the Declaration in the Reserve Fund and use such funds only for the purposes described in the Declaration. All assessments must be deposited and maintained in the name of the Association in one or more separate federally insured accounts, including certificates of deposit, at a "qualified financial institution" as defined in the Act. Such funds may not be commingled with the funds of any other association or with the funds of any managing agent of the Association or any other Person, or be kept in any trust account or custodial account in the name of any trustee or custodian. The Reserve Fund will be maintained in one or more income-earning accounts maintained under the direct control of the Board. All expenses of the Association will be paid from the Association's bank accounts.

(c) From time to time, and at least annually, prepare a budget for the Association, estimating the common expenses expected to be incurred with adequate allowance for reserves based upon the reserve study required by Section 10.21 of the Declaration, and determine whether Assessments should be increased or decreased. Within 30 days after adopting a proposed annual budget, the Board of Directors must provide a summary of the budget to all Owners. If the Board of Directors fails to adopt a budget, the last adopted annual budget will continue in effect.

(d) Fix the amount of the Assessment against each Unit at least 30 days in advance of each Assessment period. Written notice of any Assessment must be sent to every Owner subject thereto and to any first mortgagee requesting such notice. The due dates will be established by the Board of Directors, which may fix a regular flat Assessment payable on a monthly, quarterly, semi-annual or annual basis. The Board of Directors will cause to be prepared a roster of the Units showing Assessments applicable to each Unit. The roster will be kept in the Association office and may be inspected by any Owner or mortgagee during regular business hours. Within 10 business days after receiving a written request, and for a reasonable charge, the Association must furnish to any Owner or mortgagee a certificate setting forth the unpaid Assessments against such Owner's Unit. Such certificate is binding upon the Association, the Board of Directors, and every Owner as to the amounts of unpaid Assessments.

(e) When Additional Properties are annexed, the Board of Directors will assess any Units included therein in accordance with Section 10.17 of the Declaration and take such other actions required regarding the budget as required in the Declaration.

(f) Enforce the Assessments in the manner provided in the Declaration.

(g) Keep records of the receipts and expenditures and make them available for examination by members and their mortgagees at convenient hours; maintain an Assessment roll showing the amount of each Assessment against each Owner, the amounts paid upon the account, and the balance due on the Assessments; give each member written notice of each Assessment at least 30 days prior to the time when such Assessments become due and payable; and for a reasonable charge, promptly provide any Owner or mortgagee who makes a request in writing with a written certificate of the Owner's unpaid Assessments.

7.2 **Records.** The Association will keep within the State of Washington all documents set forth in Section 495 of the Act, including, but not limited to (a) correct and complete financial records sufficiently detailed for proper accounting purposes and sufficiently detailed to enable the Association to comply with its obligation under the Act to provide resale certificates; and (b) minutes of the proceedings of its members and its Board of Directors other than executive sessions.

7.3 **Resale Certificates.** The Association will provide, within 10 days after receipt of a written request from an Owner, subject to payment of any fees imposed in accordance with the Act, a resale certificate signed by an officer or authorized agent of the Association and containing the information necessary to enable the Owner to comply with Section 640 of the Act. Such certificate will be based on the books and records of the Association and the actual knowledge of the person signing the certificate.

7.4 **Inspection of Books and Records.** Upon written request made in good faith for a proper purpose, except as otherwise provided in the Act and specifically at RCW 64.90.495(3) all records the Association is required to maintain must be made available for examination and copying by all Owners, holders of mortgages on the Units, and their respective authorized agents, and during the Development Period, Declarant (a) during reasonable business hours or at a mutually convenient time and location, and (b) at the offices of the Association or its managing agent. Information provided pursuant to this section may not be used for commercial purposes. The Association is not obligated to compile or synthesize information. Within 10 business days after receipt of a written request by an Owner or mortgagee, the Association will furnish copies of such documents to the requesting Owner or mortgagee. The Association is not obligated to compile or synthesize information. Information provided pursuant to these Bylaws or the Act may not be used for commercial purposes. Upon written request, the Association will make such documents, information, and records available to such persons for duplication. A right to copy records under this Section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the Unit Owner. The Board of Directors, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of reasonable fees for producing and providing copies of such records and for supervising the inspection, including fees for reasonable personnel costs. Any managing agent for the Association must deliver all of the Association's original books and records to the Association immediately upon termination of its management relationship with the

Association, or upon such other demand as is made by the Board. An Association managing agent may keep copies of the Association records at its own expense.

7.5 Payment of Vouchers. The Treasurer will pay all vouchers for all budgeted items and for any nonbudgeted items up to \$1,000 signed or authorized digitally by electronic signature or other method accepted as customary business practice by the President, managing agent, manager, or other person authorized by the Board of Directors. Any voucher for nonbudgeted items more than \$1,000 require the authorization of the President or a resolution of the Board of Directors.

7.6 Execution of Documents. The Board of Directors may, except as otherwise provided in the Declaration, Articles of Incorporation, or these Bylaws, authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee has any power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or for any amount.

7.7 Reports and Audits. An annual financial statement consisting of a balance sheet and an income and expense statement for the preceding year, prepared in accordance with accrual based accounting practices, will be rendered by the Board of Directors to all Owners and to all Mortgagees who have requested the same within 90 days after the end of each fiscal year. If the annual Assessments for Common Expenses are \$50,000 or more, then the Board will cause its financial statements to be audited at least annually by a certified public accountant licensed in Washington. If such annual Assessments are less than \$50,000, an annual audit is also required but may be waived annually by a majority of the Owners, not including votes of Declarant with respect to Units owned by Declarant. If the annual audit is waived, the Board, at the expense of the Association, may obtain a review by a certified public accountant of the books and records pertaining to the Association and furnish copies thereof to the members. At any time, any Owner or holder of a Mortgage may, at their own expense, cause an audit or inspection to be made of the books and records of the Association.

Article 8 INSURANCE

8.1 Types of Insurance. For the benefit of the Association and the Owners, the Board of Directors must obtain and maintain at all times in the Association's own name, commencing not later than the time of the first conveyance of a Unit to a person other than a declarant, as defined in the Act, the premiums for which will be paid for out of the Operations Fund, the following insurance, to the extent reasonably available and subject to reasonable deductibles:

(a) Property Damage Insurance.

(1) The Association must maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverage as the Association may deem desirable.

(2) The amount of the coverage must be not less than 80 percent of the actual cash value of the insured property after application of any deductibles, at the time of the insurance is purchased, and at each renewal date, of the Improvements on the Common Elements and on any property that must become Common Elements (exclusive of land, excavations,

foundations, and other items normally excluded from coverage), subject to a reasonable deductible as determined by the Boards of Directors but not to exceed \$10,000.

(3) The policy or policies must include all fixtures and building service equipment to the extent that they are part of the Common Elements or that must become Common Elements, and all personal property and supplies belonging to the Association.

(b) Liability Insurance.

(1) The Association will maintain commercial general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, and the managing agent, if any, against liability to the public or to Owners, and their invitees or tenants, arising out of or in connection with the use, ownership, or maintenance of the Property, including medical payments insurance and legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board of Directors) for liability arising out of acts or omissions of such Owner and liability arising out of or in connection with the use, ownership, or maintenance of the part of the Property as to which such Owner has the exclusive use or occupancy.

(2) Limits of liability under such insurance may not be less than \$1,000,000.

(3) Such policy or policies must be issued on a comprehensive liability basis and provide a cross liability endorsement wherein the rights of the named insured under the policy or policies must not be prejudiced as respects his, her, or their action against another named insured.

(c) Worker's Compensation Insurance. The Association will maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

(d) Director's and officers' liability insurance. The Association will maintain a policy of directors' and officers' liability insurance with coverage in the amount of not less than \$1,000,000 subject to a reasonable deductible, which deductible is the responsibility of the Association. Such insurance will cover both interim and regular directors and include coverage for claims brought by the Association, Owners, or third parties, including, without limitation, claims arising out of construction defects or failure to maintain adequate reserves. Directors and officers will be accepting such positions in reliance upon such insurance protection being maintained by the Association. Therefore, in the event the Association fails to carry such insurance or amends these Bylaws to delete or reduce these insurance requirements, the Association and Owners will be deemed to have released such claims and deemed to have covenanted not to sue or prosecute any claims against its current or former directors or officers that would have been insured under such a policy.

(e) Fidelity Insurance.

(1) The Board of Directors will cause the Association to maintain blanket fidelity insurance for all officers, directors, trustees, and employees of the Association and all other Persons handling or responsible for funds of, or administered by, the Association. If the Association has retained a management agent, the Board may require such agent to maintain fidelity insurance for

its officers, employees, and agents handling or responsible for funds of, or administered on behalf of, the Association.

(2) The total amount of fidelity insurance coverage required will be based upon the best business judgment of the Board of Directors.

(3) Such fidelity insurance will name the Association as obligee and contain waivers by the insurers of all defenses based upon the exclusion of Persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance will provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 10 days' prior written notice to the Association.

8.2 Insurance by Unit Owners. Each Owner is responsible for obtaining, at his or her own expense, homeowner's insurance covering the improvements on the Owner's Unit and liability resulting from use or ownership of the Unit, unless the Association agrees otherwise. The insurance coverage maintained by the Association may not be brought into contribution with the insurance obtained under this section by the Owners.

8.3 Insurance by Owners. The Association has no responsibility to procure or assist in procuring property loss insurance for any Owner or tenant for (i) damage to a Unit; or (ii) for any damage or loss to the Owner's, occupant's, or tenant's personal property. Owners are responsible for purchasing insurance policies insuring their Units and for the deductible amount under the Association's policies. All Owners are responsible for insuring their own personal property for any loss or damage. Tenants are responsible for insuring their own personal property for any loss or damage. The Association will notify all Owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Association will give at least 30 days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Owners and tenants of all Units must procure and maintain comprehensive liability policies having combined limits in amounts reasonably set by the Board of Directors no more often than every three years. Such insurance must provide coverage for, without limitation, the negligent acts of the Owner and tenant and their guests or other Occupants of the Unit for damage to the Common Area, other Lots, and the Improvements thereon, and the personal property of others or of the Association, respectively, located therein.

8.4 Washington Uniform Common Interest Ownership Act Requirements. The insurance maintained by the Association will comply with the requirements of the Act. Without limiting the generality of the foregoing, the property, commercial general liability, and fidelity insurance policies maintained by the Association will provide (a) that the insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household; (b) if at the time of a loss under the Association's policy there is other insurance in the name of an Owner covering the same risk covered by the Association's policy, the Association's policy provides primary insurance; (c) and any act or omission by an Owner, unless acting within the Owner's scope of authority on behalf of the Association, does not void the policy and is not a condition of recovery under the policy. If any of the insurance described in Section 470(1) or (2) of the Act is not reasonably available, the Association must promptly notice all Owner of that fact, and (d) that each Unit Owner is an insured person under the Association's liability policy arising out of the Unit Owner's interest in the Common Elements or membership in the Association.

Article 9

GENERAL PROVISIONS

9.1 **Seal.** The Board of Directors may, by resolution, adopt a corporate seal.

9.2 **Notice.** All notices to the Association or to the Board of Directors must be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association, or to such other address as the Board of Directors may designate from time to time. All notices to members must be sent to the member's Unit or to such other address as may have been designated by the member from time to time in writing to the Board of Directors.

9.3 **Waiver of Notice.** Whenever any notice to any member or director is required by law, the Declaration, the Articles of Incorporation, or these Bylaws, a waiver of notice in writing signed at any time by the person entitled to notice will be equivalent to the giving of the notice.

9.4 **Action Without Meeting.** Except as otherwise provided herein, any action that the law, the Declaration, the Articles of Incorporation, or the Bylaws require or permit the directors to take at any meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the directors entitled to vote on the matter. The consent, which will have the same effect as a unanimous vote of the directors, must be filed in the records of minutes of the Association. After the Transition Meeting, the directors may act by unanimous consent only to undertake ministerial actions, or actions subject to ratification by the Owners, or to implement actions previously taken at a meeting of the Board of Directors.

9.5 **Conflicts.** These Bylaws are intended to comply with the Act, the Washington Nonprofit Corporation Act, the Declaration, and the Articles of Incorporation. In case of any irreconcilable conflict, such statutes and documents control over these Bylaws.

Article 10

AMENDMENTS TO BYLAWS

10.1 **How Proposed.** Amendments to these Bylaws must be proposed by either a majority of the Board of Directors or by members holding at least 30 percent of the voting rights entitled to be cast for such amendment. The proposed amendment must be reduced to writing and be included in the notice of any meeting at which action is to be taken thereon or be attached to any request for consent to the amendment.

10.2 **Adoption.**

(a) A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members and may be approved by the membership at a meeting called for such purpose or by ballot vote. Members absent from the meeting considering such amendment may express their approval by proxy. Any amendment resolution must be approved by members holding a majority of the voting rights, together with the written consent of the Declarant if prior to the Transition Meeting or if otherwise required under the Declaration, and, prior to the Transition Meeting by the Federal Housing Administration or the Veterans Administration if these Bylaws were previously approved by such agencies. Amendment or repeal of any provision of these Bylaws that is

also contained in the Declaration must be approved by the same voting requirement for amendment or such provision of the Declaration.

(b) Notwithstanding the provisions of the preceding paragraph, until the Transition Meeting has occurred, Declarant has the right to amend these Bylaws in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Washington, or any corporation wholly owned, directly or indirectly, by the United States or the State of Washington that insures, guarantees, or provides financing for a common interest community or Units in a common interest community or to conform the provisions of these Bylaws to the provisions of the Act. After the Transition Meeting, any such amendment, other than an amendment to conform provisions of these Bylaws to the provisions of the Act, must be approved as provided in Section 10.2(a).

10.3 **Execution and Recording.** An amendment is not effective until certified by an authorized officer of the Association as being adopted in accordance with these Bylaws and the Act and recorded in the deed records of all counties in which any part of the Property is located.

Attached hereto are the initial Bylaws of Quail Ridge Owners Association adopted September 9, 2020 by the undersigned Declarant pursuant to the Declaration of Protective Covenants, Conditions, Restrictions and Easements for Quail Ridge recorded on _____, 2020 in the Benton County Auditor's Office, Washington, as Document No. _____.

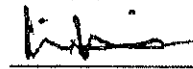
DECLARANT:

**PAHLISCH HOMES AT HORN RAPIDS LIMITED
PARTNERSHIP**, an Oregon limited partnership

By: PAHLISCH HOMES, INC.,
an Oregon corporation

Its: General Partner

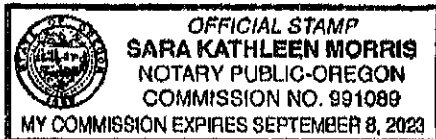
By:



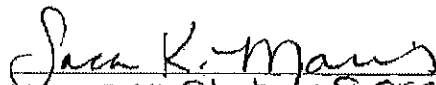
Dan Pahlisch, President

State of Oregon)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before this 16th day of September, 2020, by Dan Pahlisch, President of Pahlisch Homes, Inc., General Partner of Pahlisch Homes at Horn Rapids Limited Partnership, an Oregon limited partnership, on its behalf.



(Seal or stamp)


Notary Public State of Oregon

My appointment expires: September 08, 2023