

**BYLAWS OF  
THE LOOMIS TRAIL HOMEOWNERS ASSOCIATION**

1. IDENTIFICATION OF THE COMMUNITY AND THE ASSOCIATION.

The name of the Community is: The Greens at Loomis Trail. The name of the Association is: The Loomis Trail Homeowners Association, which will hereinafter be referred to as the "Association."

2. DEFINITIONS.

All terms used in these Bylaws shall have the same meanings ascribed to them in the Washington Homeowners' Association Act, Chapter 64.38 RCW ("the Act"); and/or in the recorded Covenants, Conditions, Restrictions and Reservations for the Greens at Loomis Trail (hereinafter "the Covenants") recorded in the office of the Whatcom County Auditor, and/or the Articles of Incorporation for the Association. The term "Cumulative Voting", as used herein, shall mean a system of voting for directors under which an Owner, who is entitled to cast one vote for each director's position up for election, is permitted to cast all such votes for a single director, or to distribute all the possible votes among fewer than all the positions open for election. Cumulative voting is not permitted under these Bylaws. The term "Governing Documents", as used herein, shall mean the Covenants, the Articles of Incorporation for the Association, the Plat for the Community recorded in the office of the Auditor of the County in which the Community is located, these Bylaws, any Rules and Regulations adopted by the Board of Directors, and any lawful amendments to any and all such documents. The term "Owner", as used herein, shall mean an owner of a Lot in the Community.

3. APPLICABILITY OF BYLAWS.

These Bylaws are promulgated to provide for the self-government of the Community and to promote the safety, health, well-being and enjoyment of its members. The administration and management of the Community and the actions of the Owners, the Association and its Board of Directors and Officers shall be governed by these Bylaws. All present and future Owners and their tenants, licensees, invitees, servants, agents, employees, family members and any other persons who are permitted to use the property within the Community shall be subject to these Bylaws and to the Rules and Regulations of the Association. Acquisition, rental or occupancy of a Lot shall be deemed conclusive evidence of the Owner's, tenant's or occupant's acceptance and ratification of, and agreement to comply with, the Governing Documents now in existence or hereafter adopted.

4. OWNERS ASSOCIATION.

4.1. Form of Association.

The Association has been incorporated as a non-profit corporation under the laws of the State of Washington under the provisions of Chapter 24.06 RCW (the "Corporation Act"). The rights and duties of the members and of said corporation shall be governed by the provisions of the Corporation Act and of the Covenants. The Association shall remain organized as a nonprofit corporation.

#### 4.2. Law Governing Association.

In case of any conflict between the Corporation Act and the Homeowners' Association Act, Chapter 64.38 RCW, the Homeowners' Association Act (the "Act") shall control.

#### 4.3. Registered Office and Registered Agent.

The Corporation Act requires that every corporation must maintain a "registered agent" in the State of Washington to receive official notices and service of legal process on behalf of the corporation; a "registered office" must be designated, identifying where such notices and legal process may be delivered. The Association's Registered Agent shall be appointed by the Board of Directors and shall have a business office identical with such Registered Office.

#### 4.4. Powers Of Association.

Subject to the provisions of the Covenants, the Association may, through its Board of Directors:

- (a) Adopt and amend bylaws and Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners;
- (c) Hire and discharge or contract with managers and other employees, agents, and independent contractors;
- (d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Community or the Association, but not on behalf of Owners involved in disputes that are not the responsibility of the Association;
- (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement, and modification of Common Areas;
- (g) Cause additional improvements to be made as a part of the Common Areas;

(h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but Common Areas may be conveyed or subjected to a security interest only at a duly constituted meeting of the Owners if at least eighty percent (80%) of the votes in the Association, in person or by proxy, are cast for such action, or without any meeting if all Owners have been duly notified and Owners holding at least eighty percent (80%) of the votes in the Association consent in writing to such action.

(i) Grant easements, licenses, and concessions through or over the Common Areas and petition for or consent to the vacation of streets and alleys;

(j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Areas and for services provided to Owners;

(k) Impose and collect charges for late payment of Assessments and, after notice and an opportunity to be heard by the Board of Directors or by such representative designated by the Board of Directors and, in accordance with such procedures as provided in the Governing Documents, levy reasonable fines for violations of the Governing Documents in accordance with a previously established schedule thereof adopted by the Board of Directors and furnished to the Owners;

(l) Regulate in accordance with the governing documents the architectural integrity of the Association;

(m) Exercise any other powers conferred by the Covenants or Bylaws;

(n) Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and

(o) Exercise any other powers necessary and proper for the governance and operation of the Association.

#### 4.5. Membership.

4.5.1. Qualifications. Each fee Owner or real estate contract vendee of a Lot in the Community shall be a Member of the Association; the terms "Owner" and "Member", as used herein, shall be synonymous unless the context clearly prohibits such construction. Ownership of a Lot shall be the sole qualification for membership in the Association, and the membership of the Association at all times shall consist exclusively of all the Owners. The ownership of an interest in a Lot solely as security for the performance of an obligation does not entitle the owner of such interest to membership in the Association. A Member shall be considered a "Member in Good Standing" when such Member has paid all required dues, charges and assessments owing by such Member, and has not been found to have violated other provisions of the Governing Documents.

4.5.2. Rights and Privileges of Membership. Members in Good Standing shall have the right to vote for Directors of the Association, and to consent to or dissent from certain extraordinary corporate actions described in the Corporation Act. Members in

Good Standing and their lawful tenants shall also have the following privileges: (a) to use the Common Areas of the Community; and (b) to use any services, utilities and/or facilities provided by the Association for use by its Members. Such rights and privileges are subject to payment of all dues, charges or assessments as may be lawfully imposed by the Board of Directors from time to time, and are further subject to remaining in compliance with all other provisions of the Governing Documents. A Member who fails to pay all required dues, charges or assessments, or who is found to have violated other provisions of the Governing Documents in a proceeding conducted under Section 7.10 hereof, shall cease to be a Member in Good Standing until such time as the Member shall make all required payments and satisfy any conditions required of the Member in such proceeding.

#### 4.6. Transfer of Membership.

The Association membership of each Owner shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to such Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

#### 4.7. Meetings.

4.7.1. Place of Meetings. Meetings of the Members of the Association shall be held at such place within Whatcom County, Washington or within sixty miles thereof as may be designated by the Board of Directors and stated in the notice of the meeting.

4.7.2. Annual Meetings. There shall be an annual meeting of the Members in the first or last quarter of each year when the Board, in consultation with its Manager and/or accountant, may determine to be appropriate. The annual meeting of the Members shall be held for the election of Directors and the conduct of such other business as may be properly brought before the meeting. At the annual meeting, there shall be presented a report containing the following information:

(a) A balance sheet and a revenue and expense statement of the Association, which shall be current to sixty days;

(b) The annual financial statement of the Association, including the audit report required by Section 8.5 hereof, if it has been prepared, for the year immediately preceding the current year.

(c) A statement of the amount of any reserves for repair or replacement and of any portions of those reserves currently designated by the Association for any specified projects;

(d) A statement of any anticipated repair or replacement cost in excess of five percent of the annual budget of the Association that has been approved by the Board of Directors; and

(e) A statement of any unsatisfied judgments against the Association and the status of any pending suits to which the Association is a party.

4.7.3. Notices of Annual Meetings. Not less than fourteen (14) nor more than sixty (60) days in advance of an annual meeting, the Secretary shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner. The notice of any meeting shall state the place, day and hour of the meeting and the items on the agenda to be voted on by the members, including a list of the candidates seeking to be elected as Directors of the Association.

4.7.4. Special Meetings. Special meetings of the Owners may be called at any time for the purpose of considering matters which by the terms of the Governing Documents or applicable law require the approval of all or some of the Owners, or for any other reasonable purpose. Such meetings shall be called by written notice of the Secretary of the Association upon the decision of the President, or after request signed by a majority of the Board, or by written request by Owners having at least 10% of the total votes in the Association.

4.7.5. Notices of Special Meetings. Not less than fourteen (14) nor more than sixty (60) days in advance of any special meeting, the Secretary shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner. The notice of any special meeting shall state the place, day and hour of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Covenants or Bylaws, and any proposal to remove a Director or Officer.

4.7.6. Waiver of Notice. Whenever any notice to an Owner is required to be given by the Association, a Waiver thereof in writing signed by the Owner, whether made before or given after the time stated therein, shall be equivalent to the giving of such notice.

#### 4.8. Voting.

4.8.1. Voting Rights. Subject to Section 4.5.2, each Owner has a right to vote at meetings of the Association for the election of Directors and with respect to such other matters that are not within the powers of the Board of Directors as may lawfully come before the meeting. The vote of Owners holding a majority of the votes at any meeting of the Association shall be sufficient to decide any item of business at that meeting. Each Owner shall be entitled to one vote for each Lot owned by such Owner on each matter submitted to a vote of the Owners. In the event that a Lot is owned by the Association, no votes allocated to such Lot may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to such Lot shall be disregarded. Cumulative voting shall not be permitted.

4.8.2. Joint Owner Disputes. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. Where a Lot is owned by more than one

person, if only one of such persons is present at a meeting of the Association, in person, by proxy or written ballot, such person is entitled to cast all the votes allocated to that Lot. If more than one of the multiple persons comprising an Owner are so present, such Owner's vote may be cast only in accordance with the agreement of a majority in interest of such multiple persons. There is majority agreement if any one of the multiple persons casts a vote for such Owner without protest being made promptly to the person presiding over the meeting by any of the other persons comprising the Owner. In the absence of majority agreement, the conflicting votes shall be deemed an abstention of the vote for such Lot.

4.8.3. Proxies and Voting by Written Ballot. The Vote allocated to a Lot may be cast by a written ballot or pursuant to a proxy duly executed by the Owner. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven months after its date of issuance. A written ballot shall not be valid unless it is signed by the Owner and received by the Association on or before the date and time of the meeting at which it is to be counted. A written ballot shall be deemed the equivalent of a directed proxy, irrespective of its form; a ballot may designate an individual either by name or by general description (e.g., "any Officer of the Association") and therein instruct such person how to vote on the matters to be decided at the meeting for which the ballot is prepared. Alternatively, it may consist of any form prepared by the Board for obtaining votes on the matters constituting the business of the meeting. In the event that the Board desires to prepare a written ballot for use at a meeting, copies thereof shall be served with the Notices of such meeting.

4.8.4. Additional Procedures for Voting. The Board may by resolution adopt additional procedures, not inconsistent herewith, to assist the Board in maintaining the integrity of the voting process at meetings of the Association.

4.8.5. Quorums. A quorum is present throughout any meeting of the Association if the Owners of Lots or Units to which at least twenty-five percent of the votes in the Association are allocated are present in person or by proxy or written ballot at the beginning of the meeting.

4.8.6. Order of Business. The order of business at a meeting of the Association shall be as follows: (i) proof of notice of meeting; (ii) determination of the presence of a quorum; (iii) approval of the agenda; (iv) approval of the minutes of the previous meeting of the Association; (v) election of inspectors of election if applicable; (vi) election of Directors, if applicable; (vii) reports of the Board of Directors, Officers and committees; (viii) unfinished business; and (ix) new business. Items (iv), (viii) and (ix) shall be omitted from the order of business of a special meeting held for the sole purpose of electing a Director.

Only matters described in the notice of a special meeting may be considered at such a meeting, and the order of business at a special meeting shall generally conform to the order specified in the notice of such meeting.

4.8.7. Conduct of Meeting. The President shall preside at meetings of the Members and the Secretary shall keep the minutes of meetings for inclusion in the Association's permanent Minute Book. Unless another source of authority is approved by resolution of the Board of Directors, Roberts Rules of Order shall govern the conduct of all meetings of the Members when not in conflict with the Act or the Governing Documents.

4.9. Action by Members Without a Meeting. Any action required or permitted to be taken may be taken without a meeting if all of the Members of the Association consent in writing to such action. Such written consent or consents may be in the form of written ballots, and shall be filed with the minutes of the proceedings of the Association.

## 5. BOARD OF DIRECTORS.

5.1. Declarant Control Period. The Declarant has reserved certain rights under the applicable provisions of the Covenants, including the rights to (a) appoint and remove the Officers and members of the Board of Directors of the Association, and (b) veto or approve a proposed action of the Board or the Association, for a period of time known as the "Declarant Control Period." The Declarant Control Period shall terminate no later than sixty days after conveyance of seventy-five percent of the Lots included in the Subdivision to Owners other than the Declarant, unless otherwise provided in the Covenants. The Declarant Control Period is established in order to assure that the property and Association will be adequately administered in the initial phases of development, and to assure an orderly transition of Association operations.

### 5.2. Management by Owners' Board, Qualifications, Term.

5.2.1. Number of Directors. Within thirty days after the termination of the Declarant Control Period, the Owners shall hold a meeting of the Association to elect a Board of Directors of at least three and no more than ten members. The number of Directors on the Board may thereafter be increased or decreased as provided in these Bylaws. Such members of the Board of Directors shall take office upon election, and promptly following their election shall elect or appoint the Officers of the Association described in Article 6 hereof.

5.2.2. Qualifications. At least a majority of the members of the Board of Directors must be Owners who are and remain Members in Good Standing. The term "Owner" in such context shall be deemed to include any director, officer, partner in, or trustee of any entity that is, either alone or in conjunction with another person or entity, an Owner. Any Officer or Director of the Association who would not be eligible to serve as such if (s)he were not a director, officer, partner in, or trustee of such an entity shall be disqualified from continuing in office if (s)he ceases to have any such affiliation with that entity.

5.2.3. Term. A Director shall serve for a term of one year, and until his or her successor is elected.

### 5.3. Meetings.

5.3.1. Annual Meeting. An annual organizational meeting of the Board of Directors shall be held within 10 days after each annual meeting of the Members. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the entire Board is present at the meeting.

5.3.2. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by the Board of Directors, but at least one meeting shall be held in each quarter of each fiscal year.

5.3.3. Special Meetings. Special meetings of the Board of Directors may be called by the President and shall be called by the President or Secretary on the written request of at least two Directors. Unless all sitting Directors are present at a special meeting, no business other than that stated as the purpose for such special meeting may be conducted at a special meeting.

5.3.4. Notice and Waiver of Notice. Notice of regular or special meetings of the Board of Directors shall be given to each Director, by mail, receipted e-mail, receipted facsimile or hand-delivery at least 72 hours prior to the time of the meeting, and shall state the date, place, and hour of the meeting. Notice of regular meetings may also be given by providing each Board member with a written schedule of regular meetings adopted for the ensuing year at any time after the annual meeting and at least seven days prior to the next succeeding regular meeting. Notice of a special meeting shall state the purposes of the meeting. Notice of a meeting of the Board of Directors may be waived in writing by a Director either before or after the meeting. Attendance at a meeting constitutes waiver of notice of that meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened. In a *bona fide* emergency, and if all of the Board members are present and so consent, no notice shall be required and matters relating to the subject of the emergency may be considered at the meeting.

5.3.5. Quorum and Voting. A quorum is deemed present throughout any meeting of the Board of Directors if persons entitled to cast a majority of the votes on the Board of Directors are present at the beginning of the meeting. Each Director shall have one vote, and proxy voting shall not be permitted. The votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision or act of the Board of Directors. If less than a quorum is present at a meeting, the majority of those present may recess the meeting to a designated time and place. A recessed meeting may be held as designated upon such further notice as may be necessary to assure attendance and to satisfy the "open meetings" requirements of Section 5.2.7 hereof; when a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

5.3.6. Conduct of Meeting. The President shall preside at meetings of the Board of Directors and the Secretary shall keep the minutes of the proceedings. Following



proof of notice and determination of the presence of a quorum, any lawful business may be transacted.

5.3.7. Open Meetings. Except as hereinafter provided, all meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents. Upon the affirmative vote in open meeting to assemble in closed session, the Board may convene in closed executive session to consider personnel matters, to consult with legal counsel or consider communications with legal counsel, or to discuss likely or pending litigation, matters involving possible violations of the Governing Documents, or matters involving the possible liability of an Owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict its consideration of matters during the closed portions of the meeting to only those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board, following the closed session, reconvenes in open meeting, reasonably identifies the motion or other action considered in executive session, and votes again in the open meeting on such motion or other action. The requirements of this Section shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

5.3.8. Action by Directors Without a Meeting. In a *bona fide* emergency, or to accomplish purely ministerial objectives (such as the signing of banking resolutions) any action required or permitted to be taken may be taken without a meeting if all of the members of the Board of Directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

#### 5.4. Vacancies.

A vacancy on the Board of Directors caused by any reason other than removal of a Director by a vote of the Members shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall serve until the next annual meeting of the Members and until his or her successor is elected. A vacancy occurring on the Board of Directors by reason of an increase in the number of Directors constituting the entire Board of Directors or by reason of the removal of a Director by a vote of the Members shall be filled by the Members at an annual meeting or at a special meeting called for that purpose.

#### 5.5. Removal of Directors.

The Owners, by majority vote of the voting power in the Association present and entitled to vote at any duly constituted meeting of the Owners at which a quorum is present, may remove any member of the Board of Directors with or without cause.

#### 5.6. Change in Size of Board.

The number of Directors may at any time be increased or decreased by amendment of these Bylaws. In addition, if the Owners at any time elect a greater or lesser number of

Directors than the number previously constituting the whole Board, then election of the new number shall automatically amend these Bylaws to increase or decrease the size of the Board to the number actually elected, but no decrease shall have the effect of shortening the term of any incumbent Director, nor shall the number of Directors ever be less than three (3) persons.

5.7. Compensation.

A Director shall not receive compensation from the Association for serving on the Board of Directors, but a Director may be reimbursed for reasonable out-of-pocket expenses incurred by him or her in the proper performance of his or her duties.

5.8. Annual Report of the Board of Directors.

The Board of Directors shall present at each annual meeting of the Association, and when called for by vote of the Association at any special meeting of the Members, a complete statement of the operative and financial condition of the Association, containing at minimum the information required in Section 4.7.2 of these Bylaws.

5.9. Fidelity Insurance.

The Board of Directors may obtain for any Director, Officer, trustee, volunteer, agent (excluding a Manager, which shall acquire its own fidelity coverage), or employee of the Association handling or responsible for Association funds, adequate fidelity insurance. The policy shall name the Association as the insured and must include a provision that calls for ten days' written notice to the Association before the policy can be canceled or substantially modified for any reason. The policy should cover the maximum funds that will be in the custody of the Association or its Manager at any time while the policy is in force. A Manager that handles funds for the Association shall be covered by its own fidelity insurance policy, which must provide the same coverage required of the Association.

5.10. Duty of Care.

A Director shall perform the duties of a Director, including duties as a member of any Committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by (a) one or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matter presented; (b) legal counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or (c) a Committee of the Board upon which the Director does not serve, duly designated in accordance with a provision in the Bylaws, as to matters within its designated authority, which Committee the director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable

inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

#### 5.11. Duty of Loyalty - Conflict of Interest.

The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in these Bylaws. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm, entity or association in which one or more of the Directors are Directors or Officers or are financially or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, if the fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof and noted in the minutes, and the Board of Directors authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose. Common or interested Directors may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof that authorizes, approves or ratifies any contract or transaction, but such Directors must abstain from voting. If disclosures and decisions are not made as required by this subsection, the contract or transaction may be voidable at the instance of the Association, and affected Director may not be insulated from liability for any harm suffered by the Association because of the contract or transaction.

#### 5.12. Right to Indemnification.

The Association shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Association or the Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents. Directors and Officers shall not be personally liable for contracts made by them on behalf of the Association. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Association against amounts paid in settlement incurred by him or her in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Association, to the fullest extent authorized by RCW 23B.08.320, and 23B.08.500 through 23B.08.600, and any amendments thereto, irrespective of the fact that the Association is not incorporated under RCW 23B. See RCW 23B.17.030.

#### 5.13. Committees.

The Board of Directors may by resolution establish and appoint the members of one or more committees intended to obtain information for and provide advice to the Board, but not to exercise any of the powers of the Board, with respect to such matters as from time to time may be deemed useful by the Board. The members of any such committee may be

Board members, Owners, or other persons whose participation is deemed useful by the Board, in its discretion.

## 6.0 OFFICERS.

### 6.1. Principal Officers.

The principal Officers of the Association are a President, a Vice President, a Secretary and a Treasurer. All the principal Officers of the Association must be members of the Board of Directors. Two or more offices may be held by the same person, except the offices of President and Secretary. The Board of Directors may, in its discretion, also elect or appoint such other Officers and assistant Officers as may be deemed necessary. Officers are charged, in general, with responsibility for implementing policy decisions adopted by the Board of Directors.

### 6.2. Appointment of Officers.

The Officers of the Association shall be appointed annually by the Board of Directors at its annual organizational meeting.

### 6.3. Removal of Officers; Vacancies.

An Officer may be removed by the Board of Directors with or without cause by the affirmative vote of a majority of the entire Board of Directors. A successor may be elected at any regular meeting of the Board of Directors or at any special meeting called for that purpose.

### 6.4. President.

The President is the chief executive Officer of the Association; (s)he shall preside at meetings of the Association and shall serve as Chair of the Board of Directors; (s)he shall oversee the business of the Association such that the orders and resolutions of the Board of Directors may be carried into effect. The President shall be the Officer authorized and empowered to prepare, execute, certify, and record any lawful amendments authorized to be made to the Covenants on behalf of the Association.

### 6.5. Vice President.

The Vice President shall perform the duties and exercise the powers of the President in the absence or disability of the President, and shall perform such other duties as the Board of Directors may prescribe.

### 6.6. Secretary.

The Secretary shall attend all meetings of the Board of Directors and of the Members, and shall record the voting and the minutes of all proceedings in a minute book

to be kept for that purpose. (S)he shall give notice of meetings of the Members and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary, with the assistance of the Treasurer, shall compile and keep current at the principal office of the Association all records required by Section 8.4 hereof. The Secretary shall keep current and retain custody of the minute books of the proceedings of the Members and the Board of Directors, and may maintain a separate Book of Resolutions containing copies of resolutions of the Board intended to have ongoing or permanent effect. An Assistant Secretary may perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

6.7. Treasurer.

The Treasurer shall exercise control over all funds and securities of the Association except those that are placed under the control of a Manager. The Treasurer shall deposit all funds of the Association in such federally insured financial institution(s) as may be designated by the Board of Directors. (S)he shall disburse funds in accordance with the Association's Budget and as ordered by the Board of Directors. With the assistance of any accountant or Manager employed by the Association, the Treasurer shall keep the books of the Association on an accrual basis, with detailed accounts of the receipts and expenditures affecting the Association, in at least the detail required by Section 8.4 hereof. The books and supporting vouchers and records shall be available for examination by the Owners, Mortgagees and their duly authorized agents, accountants, or attorneys, during regular business hours in the manner set by the Board of Directors. All books and records shall be kept in accordance with generally accepted accounting principles, in a manner consistent with homeowners association auditing guidelines. The Treasurer shall be responsible for preparation of the Association's annual financial statement required by Section 8.5 hereof.

6.8. Compensation of Officers.

No Officer shall receive any compensation from the Association for acting as such unless such compensation is approved by a vote of Owners entitled to cast at least 75% of the votes in the Association. An Officer shall be reimbursed for reasonable out-of-pocket expenses incurred by him or her in the performance of his or her duties.

6.9. Liability of Officers and Indemnification.

See Sections 5.9 and 5.12 of these Bylaws.

7.0 ENFORCEMENT OF PROVISIONS OF GOVERNING DOCUMENTS.

7.1. Authority of the Board.

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Covenants and other Governing Documents. Without limiting the authority and powers

conferred upon the Board by the Act, the Board shall have the power and authority specified in this Section of these Bylaws.

**7.2. Abatement of Violations.**

A violation of provisions of the Governing Documents relating to the Common Areas shall give the Association the right to abate unauthorized structures or conditions within the Common Areas caused by such violation, PROVIDED, that this remedy shall not be utilized when a breach of the peace may ensue.

**7.3. Legal Proceedings.**

Failure to comply with any of the terms of the Governing Documents shall be grounds for legal relief, including without limitation, actions to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of such relief may be sought by the Association or, if appropriate, by any aggrieved Owner, and shall not constitute an election of remedies.

**7.4. Costs and Attorney's Fees.**

The Association shall be entitled to recover any costs and reasonable attorney's fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment. In any other proceeding arising out of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court. In the event that the prevailing party is the Association, the costs and attorney's fees so awarded shall constitute a Special Assessment against the Owner's Lot.

**7.5. Late Charges and Interest.**

The Board may impose and collect reasonable late charges to encourage prompt payment of Assessments. Until changed by resolution of the Board with advice of counsel, the Board may collect a late charge: (a) when any Assessment or installment thereof is received by the Association more than ten (10) days beyond the due date of such Assessment or installment; (b) in an amount not to exceed the greater of \$25.00 or ten percent (10%) of the amount of said Assessment or installment. Delinquent Assessments shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, or the maximum rate permitted under Washington law on the date on which the Assessments became delinquent, whichever is lesser.

7.6. Fines.

The Board may impose and collect reasonable fines against Owners for violations of the Governing Documents, PROVIDED, however, that no fine may be levied unless (1) the Board has by resolution established a schedule of fines which has been furnished to all Owners prior to the alleged violation, and (2) the allegedly offending Owner has been provided with notice of and an opportunity to be heard at a hearing to be conducted pursuant to Section 7.10 of these Bylaws. Until changed by resolution of the Board with advice of legal counsel, the amount of any fine so assessed shall not exceed two hundred and fifty dollars (\$250.00) for a single offense or twenty-five dollars (\$25.00) per diem for any offense of a continuing nature, and shall be treated as a Special Assessment against such Owner's Lot.

7.7. Liability for Conduct Causing Common Expense.

Each Owner shall be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her family or his or her employees, agents, tenants or licensees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. To the extent that any Common Expense is caused by the misconduct of any Owner, the Association may specially assess that expense against the Owner's Lot, PROVIDED that no such Special Assessment may be levied unless the allegedly offending Owner has been provided with notice of and an opportunity to be heard at a hearing to be conducted pursuant to Section 7.10 of these Bylaws.

7.8. No Waiver of Rights.

The failure of the Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Governing Documents or the Act, shall not constitute a waiver of the right of the Association, the Board or the Owner to enforce such right, provision, covenant or condition in the future.

7.9. Remedies Cumulative.

A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Governing Documents or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Governing Documents or the Act or at law or in equity.

## 7.10. Pre-Sanction Hearings.

In any cases under Section 7.6 or 7.7 of these Bylaws, where a fine or Special Assessment for violation of the Governing Documents, these Bylaws or the rules and regulations of the Association is proposed, or when a suspension of membership privileges for violation of the Governing Documents is proposed, or in any other case where the Board, in its discretion, deems necessary or advisable, an allegedly offending Owner shall be afforded the opportunity for a hearing by the Board to determine the appropriateness of the action proposed to be taken. A hearing will be governed by the procedure set forth below:

7.10.1. Notice of Violation. A written Notice of Violation shall be prepared and hand-delivered or mailed by registered or certified mail, return receipt requested, to such Owner at his or her last known mailing address. The Notice of Violation shall include:

(a) A statement, in reasonable detail, of the factual nature of any alleged violations, along with the Section number of any portion of the Governing Documents allegedly violated;

(b) The nature of the action proposed to be taken against such Owner, including the dollar amount of any fine that could be imposed under the Schedule of Fines;

(c) A date by which the Owner must mail or deliver a written Request For Hearing to the Association to contest the imposition of the proposed sanction (which date must be not less than 14 days following the delivery of the Notice of Violation) along with the address to which such Request For Hearing must be sent; and

(d) A date, which is not less than 30 days following the delivery of the Notice of Violation, upon which the sanction would be imposed in the event that no hearing is requested by the Owner.

7.10.2. Form and Contents of Request for Hearing. The Request for Hearing shall be made in writing, shall be signed by or on behalf of the Owner, and shall contain a brief statement of any reasons known to the Owner that the proposed sanction should not be imposed.

7.10.3. Establishment of a Hearing Date. In the event that a hearing is requested by an Owner, no sanction may be imposed until the requested hearing is held. Upon receipt from an Owner of a Request For Hearing, a Notice of Hearing shall be prepared and hand-delivered, or mailed to such Owner by registered or certified mail, return receipt requested. The Notice of Hearing shall include the location, date and time of the hearing and shall be delivered or mailed at least ten (10) days prior to the hearing.

7.10.4. Hearing Procedures. At the hearing, the President, or his or her designee, shall preside. The hearing shall be conducted generally in accordance with the requirements for Meetings of the Board as provided in Section 5.3 of these Bylaws. Any



Director who feels that it would be impossible to be fair, objective and unbiased in the proceedings shall disqualify himself or herself prior to the commencement of the hearing. Both the Owner who is the subject of the hearing and the Association may be represented by counsel. Minutes shall be taken and, if requested by either the Association or the Owner, the hearing may be recorded either stenographically, or by audio- or video-tape or equivalent means. After receiving proof of the giving of the two Notices required by Sections 7.10.1 and 7.10.3 of these Bylaws, factual evidence in support of the allegation that a violation has occurred will be received. Live testimony from witnesses with personal knowledge may be received where practicable. Affidavits or declarations in the form required by RCW 9A.72.085 may, however, be received in lieu of live testimony as the interests of justice may require, and formal adherence to legal rules of evidence shall not be required. Thereafter, evidence from the Owner, in defense or toward mitigation, shall be received. Any rebutting evidence may then be received. Legible copies of all documentary evidence received shall be attached to the minutes of the hearing. At the close of the evidence, both sides shall have an opportunity to make a statement in support of their position.

7.10.5. Default. In the event that the Owner fails to appear at the hearing, (s)he may be deemed to be in default, and upon receipt of proof of delivery of both of the Notices required under Sections 7.10.1 and 7.10.3 of these Bylaws, and upon receipt of any satisfactory evidence that establishes the existence of the violation, the Board may render its decision forthwith.

7.10.6. Continuances. In its discretion, if the interests of justice appear to require, the Board may continue the hearing at the request of either the Owner or any other affected party, for such reasonable period not to exceed thirty (30) days, as may be deemed necessary.

7.10.7. Decision. The Board may issue its decision at the close of the hearing, or may adjourn and render its decision at a later date, not to exceed thirty (30) days following the date of the hearing or any continuation thereof. The decision shall be in writing, but need not contain detailed findings of fact or conclusions of law, and shall be delivered or mailed to the Owner and his or her attorney on the date of issuance. The original copy of the decision shall be dated and signed by the presiding Officer, and filed among the minutes of the Board of Directors.

#### 7.11. Alternative Forms of Dispute Resolution Authorized.

In addition to the rights, remedies and procedures described above, the Association may, with the consent of an affected Owner and/or any other interested party, agree to resolve any dispute through mediation, binding or nonbinding arbitration, or such other alternative dispute resolution mechanism as may be deemed appropriate, at the discretion of the Board.

## 7.12. Tenants Subject to Rights and Responsibilities of Owners.

Any tenant, family member or licensee of an Owner shall be deemed to be bound by all portions of the Governing Documents that are binding upon the Owner, with the exception of the obligation to pay the dues, assessments and other charges owing by the Owner to the Association. All rights, remedies and procedures available to the Association when dealing with Owners under the Governing Documents shall be available to the Association when dealing with any tenant of an Owner. In addition, the Association shall have the right (but not the obligation) to terminate the lease of a tenant who, following a proceeding under Section 7.10 hereof, has been found to violate the Governing Documents; the Association shall be deemed a "real party in interest" in any legal proceeding brought to enforce this right.

## 8.0 MANAGEMENT OF COMMUNITY.

### 8.1. Management by Board of Directors.

The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things permitted by the Governing Law or the Governing Documents and not required to be exercised and done by the Association through a vote of the Owners. The Board of Directors is charged with the responsibility for formulating and adopting all policy decisions affecting the Community, and may be regarded for most purposes as the functional equivalent of the town council of a small municipality.

### 8.2. Professional Management.

Employment of Manager. The Board of Directors may employ a "Managing Agent" or "Manager" (which terms shall be synonymous herein) at a compensation to be established by the Board.

### 8.3. Bank Accounts for Operations and Reserves.

8.3.1. Insured Accounts. The Board of Directors shall promptly deposit all sums collected for operating expenses or reserves in insured accounts with reputable financial institutions.

8.3.2. Commingling Prohibited. Amounts collected by the Board of Directors as Assessments for operating expenses or Reserves shall be commingled neither with funds of any other homeowners association, nor with the funds of any Manager or any other person responsible for the custody of such funds.

8.3.3. Reserve Accounts. Any reserve funds shall be kept in one or more segregated, interest bearing accounts, and any transaction affecting such funds, including the issuance of checks, shall require the signatures of at least two persons who are Officers or Directors of the Association.

#### 8.4. Association Records.

8.4.1. Financial Records. The Treasurer, with the assistance of the Association's accountant and/or Manager, if any, shall keep financial records sufficiently detailed to fully declare to each Owner a true statement of the Association's financial condition. Where annual assessments exceed \$5,000, the accrual method of accounting should be employed, and any expenses required by the Covenants to be charged to more than one but fewer than all Owners shall be accounted for separately. At minimum, such records shall include:

(a) an "income statement" reflecting all income and expense activity for the preceding quarter on an accrual basis;

(b) an "account activity statement" reflecting all receipt and disbursement activity for the preceding quarter on a cash basis;

(c) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(d) a "balance sheet" reflecting the financial condition of the Association on an unaudited basis;

(e) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts);

(f) a "delinquency report" listing all Owners who are delinquent in paying Common Expense assessments and describing the status of any actions to collect such assessments;

(g) all canceled checks, bank statements, receipts and vouchers for expenses and other source documents for income and expenses, for up to seven years; and

(h) the annual financial statement described in Section 8.5 hereof.

#### 8.4.2. Other Records.

The Secretary, with the assistance of the Association's Manager, shall compile and maintain the following records, documents and things:

(a) The original or a photocopy of the recorded Covenants and each amendment to the Covenants;

(b) The Certificate of Incorporation and a copy or duplicate original of the Articles of Incorporation of the Association as filed with the Secretary of State;

(c) The Bylaws of the Association, and all amendments thereto;

(d) The minute books, including all minutes, and the separate Book of Resolutions required by Section 6.6 hereof;

(e) Any rules and regulations that have been adopted;

(f) An inventory of all tangible personal property of the Association;

(g) If reasonably available, a copy of the Developer's plans and specifications utilized in the construction of the Common Area improvements;

(h) Insurance policies or copies thereof for the Common Areas and the Association;

(i) Any other permits issued by governmental bodies applicable to the Common Areas of the Community;

(j) All written warranties that are still in effect for any portions of the Common Areas, or any other areas or facilities which the Association has the responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all owners' manuals or instructions furnished with respect to installed equipment or building systems;

(k) A roster of Owners and their addresses and telephone numbers, if known;

(l) Any employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service; and

(m) All other contracts to which the Association is a party.

#### 8.4.3. Ownership of Records, Inspection.

All financial records and other books, records and documents of the Association are and shall remain the property of the Association, but shall be made reasonably available for examination and copying by the Association's Manager, any Owner, or the Owner's authorized agents. However, the Association shall not release the unlisted telephone number of any Owner without such Owner's consent. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records.

8.5. Preparation and Audit of Financial Statements. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. The annual financial statements of an Association shall be audited as required by the Act. This annual audit may, however, be waived annually by the vote of Owners to which at least sixty percent of the votes in the Association are allocated or as set forth by the Act.

8.6. Budget for Common Expenses.

Within thirty (30) days following the Annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Association's accountant, the Board shall prepare an Annual Budget which shall estimate the Common Expenses, described generally in the Covenants, to be paid during such year. The Budget shall also contain provisions for creating, funding and maintaining reasonable reserves for capital improvements, replacements, major repairs and the amount(s) of any deductible from insurance policies obtained by the Association, and shall further take into account any expected income and any surplus available from the prior year's operating fund.

8.7. Meeting of Association to Approve Budget.

Within thirty days after adoption of any proposed budget for the Association, the Board of Directors shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association is allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until the Owners ratify a subsequent budget proposed by the Board of Directors. Pursuant to RCW 64.38.025(3), this procedure shall be deemed to govern both general assessments and special assessments.

9.0 NOTICE.

9.1. Manner of Notice.

Unless specified otherwise in other sections of these Bylaws, whenever any notice is required to be given under the provisions of the Act or of the Governing Documents to any Mortgagee or Owner, it shall not be construed to require hand-delivered notice, but such notice may be given in writing, by first class mail, addressed to such Mortgagee or Owner at such address as appears on the books of the Association. With the consent of any Owner, e-mail may substitute for ordinary mail. Mortgagees may be entitled to notice by certified or registered mail pursuant to special provisions of the Covenants. Notice of Directors' meetings shall be given as prescribed in Section 5.3.4 hereof.

9.2. Waiver of Notice.

Whenever any notice is required to be given under the provisions of the Act, the Covenants or these Bylaws, a Waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

10.0 AMENDMENT OF BYLAWS.

Amendments to the Bylaws may be adopted at a duly constituted meeting of the Owners if at least fifty-one percent (51%) of the votes in the Association, in person or by proxy, are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least fifty-one percent (51%) of the votes in the Association consent in writing to such amendment. Amendments may be proposed by the Board of Directors or by petition signed by Owners representing at least 20% of the votes in the Association.

11.0 MISCELLANEOUS.

11.1. Compliance with Law.

These Bylaws are set forth in compliance with the Act and the Covenants, and the provisions of the Corporation Act.

11.2. Conflict.

These Bylaws are subordinate and subject to the Act, the Corporation Act and the Covenants. In the event of any conflict between these Bylaws and the foregoing, the provisions of the foregoing shall control, in that order of priority.

11.3. Severability.

If any provision of these Bylaws or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions of these Bylaws are declared severable.

11.4. Captions.

The captions (section headings) of these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

11.5. Gender, Number.

Whenever in these Bylaws the context so permits, the use of the singular shall include the plural and vice versa; the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, The Greens at Loomis Trail Community Association, a Washington Nonprofit Miscellaneous and Mutual corporation, has caused this instrument to be adopted as its Bylaws by resolution of its Board of Directors adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 2004.

ATTEST:

\_\_\_\_\_  
Secretary

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**ARTICLES OF INCORPORATION  
OF  
THE LOOMIS TRAIL HOMEOWNERS ASSOCIATION**

The undersigned hereby executes the following Articles of Incorporation for the purpose of forming a corporation under the Washington Nonprofit Miscellaneous and Mutual Corporation Act (Revised Code of Washington, Chapter 24.06).

**ARTICLE I  
Name**

The name of this Corporation is The Loomis Trail Homeowners Association (the "Corporation").

**ARTICLE II  
Period of Duration**

This Corporation shall have a period of duration that is perpetual.

**ARTICLE III  
Purpose and Powers**

1. Purpose. This Corporation is organized to manage and self-govern a real property subdivision known as "The Greens at Loomis Trail", in Blaine, Washington, pursuant to the terms and conditions of that certain DECLARATION OF COVENANTS, CONDITIONS RESTRICTIONS AND RESERVATIONS FOR THE GREENS AT LOOMIS TRAIL PHASE I recorded in the office of the Auditor for Whatcom County, Washington ("the Covenants"); and to engage in any other lawful business for which corporations may be formed under the Washington Nonprofit Miscellaneous and Mutual Corporation Act, RCW 24.06, not inconsistent with the Covenants.

2. Powers. Except to the extent expressly prohibited by the Covenants, this Corporation shall have all powers granted to homeowners associations pursuant to the Homeowners' Association Act, RCW 64.38.

## **ARTICLE IV Membership and Voting**

This Corporation shall have Members of a single class. The relative rights and responsibilities of each Member shall be as follows:

1. Qualification. Each fee Owner (including Declarant), or real estate contract vendee of a Lot in the Subdivision, shall be a Member of the Association. Ownership of a Lot shall be the sole qualification for membership in the Association, and the membership of the Association at all times shall consist exclusively of all the Lot Owners.

2. Transfer of Membership. The Association membership of each Lot Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to such Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

3. Voting. Each Member shall be entitled to one vote for each Lot owned by such Member on each matter submitted to a vote of the Members. A Member may vote in person or by mail or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact; PROVIDED, that no proxy shall be valid for more than eleven months from the date of its execution unless otherwise specified in the proxy. Whenever proposals or directors or officers are to be voted upon, such vote may be taken by mail, if the name of each candidate and the text of each proposal to be so voted upon are set forth in a writing accompanying or contained in the notice of the meeting. Persons voting by mail shall be deemed present for all purposes.

## **ARTICLE V Notice of Members' Meetings**

Except as hereinafter provided, notice of any meeting of the Members of the Association shall be given not less than fourteen (14) nor more than sixty (60) days in advance of the meeting. Notice of regularly scheduled Members' meetings (other than the annual meeting) may be given by providing each Member with the adopted schedule of regular meetings for the ensuing year at any time after the annual meeting and ten (10) days prior to a regular meeting. Special meetings of the Members may be called at any time for the purpose of considering matters which by the terms of the Homeowners' Associations Act or the Covenants require the approval of all or some of the Members, or for any other reasonable purpose. Such meetings shall be called by written notice by the Secretary upon the decision of the President, or after request signed by a majority of the Board, or by written request by the Members having at least 10% of the total votes.

**ARTICLE VI**  
**No Capital Stock**

This Corporation shall not be authorized to issue capital stock of any kind.

**ARTICLE VII**  
**Board of Directors**

1. Initial Directors: The initial Board of Directors of this Corporation consists of two (2) directors, who shall serve until the election and qualification of their successors. The names and addresses of such directors are as follows:

Jonathan Syre  
Trillium Corporation  
4350 Cordata Parkway  
Bellingham, WA 98336

Robert Janicki  
JAPEG, LLC  
103 N. Township Street  
Sedro-Woolley, WA 98284

2. Number of Directors. The number of directors constituting the Board of Directors of this Corporation may be increased or decreased from time to time in the manner specified in the Bylaws of this Corporation.

3. Power and Authority; Limitations. Except as may be provided in the Covenants, the Board of Directors shall act in all instances on behalf of the Corporation. The Board of Directors shall not, however, act on behalf of the Corporation to take any action that requires the vote or approval of the Members, or to terminate the association, to elect members of the Board of Directors, or to determine the qualifications, powers, duties, or terms of office of members of the Board of Directors; but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

4. Removal. Any Director may be removed with or without cause by a majority vote of the voting power present, in person or by proxy, and entitled to vote at any meeting of the Members of the Corporation at which a quorum is present.

**ARTICLE VIII**  
**Director Liability - Duty of Care**

Provisions addressing the duty of care owed by a Director, and the liability of a Director to the Corporation or its Members, shall be prescribed in the Bylaws.

**ARTICLE IX**  
**Indemnification**

The Corporation shall indemnify its Directors against all liability, damage, or expense resulting from the fact that such person is or was a Director. Provisions for indemnification shall be prescribed in the Bylaws.

**ARTICLE X**  
**Distributions of Surplus Funds**

If and whenever the Board of Directors determines that the Corporation has accumulated more funds than are necessary to accommodate the Corporation's current and anticipated needs, including the funding of reserves to meet contingencies, the Corporation may distribute all or any portion of such excess, as determined by the Board of Directors, equally to all Members or in such other proportions as may be authorized by the Covenants, subject to set-off for any amounts owed by any Member(s) to the Corporation.

**ARTICLE XI**  
**Distributions upon Dissolution**

Upon dissolution or final winding up of this Corporation under the laws of the State of Washington, all of its assets remaining after payment of creditors will be distributed, or sold and the sales proceeds distributed, to the Members of this Corporation equally, subject to set-off for any amounts owed by any Member(s) to the Corporation.

**ARTICLE XII**  
**Limitation on Dissenter's Rights**

If, as permitted under applicable law, any Member of this Corporation dissents from (a) any plan of merger or consolidation to which this Corporation is a party; (b) any sale or exchange of all (or substantially all) of the property and assets of this Corporation not made in the usual and regular course of its business (including a sale in dissolution); (c) any amendment to the Articles of Incorporation which changes voting or property rights of

Members other than by changing the number of memberships; or (d) any amendment to these Articles of Incorporation which reorganizes the Corporation under the provisions of RCW 24.06, then such Member's rights shall be governed by that statute, but there shall be no limitation to a return of less than the fair value of his shares or membership.

**ARTICLE XIII  
Amendment**

This Corporation reserves the right to amend or repeal any provisions contained in these Articles of Incorporation in any manner now or hereafter permitted by statute if not inconsistent with provisions of the Homeowners' Association Act, the Covenants, the land use ordinance of or any development plan approved by any governmental entity of appropriate jurisdiction. Any lawful amendment to the Covenants adopted hereafter shall be deemed to have amended these Articles of Incorporation to the extent necessary to effectuate the intent and purpose of such amendment to the Covenants, without the necessity of formally amending these Articles. All rights of Members of the Corporation and all powers of directors of the Corporation are granted subject to this reservation.

**ARTICLE XIV  
Incorporator**

The name and address of the incorporator of this Corporation is as follows:

Kim McDougall  
4350 Cordata Parkway  
Bellingham, WA 98226

**ARTICLE XV  
Registered Office and Agent**

1. Registered Office. The street address of this Corporation's initial registered office is 4350 Cordata Parkway, Bellingham, WA 98226.
2. Registered Agent. Jonathan Syre is the Corporation's initial registered agent at such office.

DATED this \_\_\_\_\_ day of February, 2004.

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Kim McDougall  
Incorporator

### CONSENT TO APPOINTMENT AS REGISTERED AGENT

I, JONATHAN SYRE, hereby consent to serve as registered agent, in the State of Washington, for the following Corporation: THE LOOMIS TRAIL HOMEOWNERS ASSOCIATION. I understand that as agent for the Corporation, it will be my responsibility to accept service of process in the name of the Corporation; to forward all mail and license renewals to the appropriate officer(s) of the Corporation; and to immediately notify the Office of the Secretary of State of my resignation or of any changes in the address of the registered office of the Corporation for which I am agent.

DATED this \_\_\_\_ day of February, 2004.

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JONATHAN SYRE  
4350 Cordata Parkway  
Bellingham, WA 98226